WINTER 1981 THREE DOLLARS 15

Policy Review

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DOUGLAS J. FEITH

Marxism: The Apologetics of Power
K. R. MINOGUE

Poland's Proletarian Revolution
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The Great Ecology Swindle
H. PETER METZGER RICHARD A. WESTFALL

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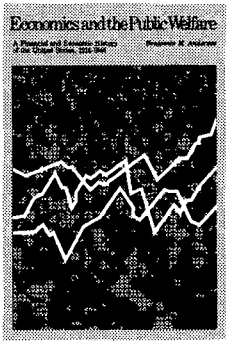

Economics and the Public Welfare
Financial and Economic History of the United States, 1914-1946

By Benjamin M. Anderson

"In the direct handling of economic life, governments are usually clumsy and ineffective. In economic life their main business should be that of a traffic cop, not that of a driver, and above all not that of a back-seat driver," says the author of this insightful history. The wisdom of his viewpoint is confirmed by Dr. Anderson's careful account of American financial and economic events beginning before World War I and ending with the Bretton Woods Conference after World War II.

Benjamin M. Anderson taught economics at Columbia, Harvard, and the University of California. He was an economist for the Chase Manhattan Bank and for many years edited the *Chase Economic Bulletin*. Hardcover $10.00, Paperback $4.50

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Controversy

Free Hiring

Dear Sir:

Secretary Ray Marshall's response (Fall 1980) to Senator Orrin Hatch's article, "Loading the Economy," and Senator Hatch's reply to Marshall reflect the wide misunderstanding of the issues surrounding "affirmative action." Secretary Marshall is a supporter of affirmative action (read quotas) and Senator Hatch opposes basing jobs and college admittances on race and sex. I am sure that any American (including black Americans, as the evidence shows) who values democratic principles finds racial and sexual quotas offensive. The practice is not made less offensive, except to people who wish to fool themselves, by calling quotas affirmative action. The real issue involving racial or sexual disadvantage is not articulated either by Secretary Marshall or Senator Hatch.

Most people who oppose hiring quotas assume that the economic game is being played fairly and quotas make the game unfair. But the economic game is *not* being played fairly. We have numerous laws that rig the game against certain people. People like Secretary Marshall, who profess deep concern for the less fortunate, are the main riggers of the game. Take one concrete example, the Davis-Bacon Act. This 1931 law requires that all workers on federally funded construction projects be paid the "prevailing wage." This law discriminates against the employment of non-union construction workers and non-union construction contractors. Secretary Marshall knows this well; he said this in his textbook on labor economics. However, he recanted when questioned during hearings last year on the Davis-Bacon Act.

While the Davis-Bacon Act does not state racial discrimination as its purpose, it has a racial effect. That is, to the extent that it discriminates against non-union labor, it has a racial effect because most blacks (for reasons of historical union discrimination) in construction are in the non-union sector. So the moral question that we have to ask is: if we are going to keep the Davis-Bacon Act, which discriminates against black opportunities in construction, what do we do? It is in this sense that racial quotas may introduce an element of fairness: what economists may call a "second-best" solution. I personally prefer the first best: no hiring quotas and no Davis-Bacon Act. The racial impacts of the Davis-Bacon Act are obvious to trained economists, but they were also obvious to its designers, one of whom was Congressman Allgood who said: "That [c]ontractor has cheap colored labor that he transports, and he puts them in cabins, and it is labor of that sort that is in competition with white labor throughout the country." (*Congressional Record*, 1931, p. 6513). Is it not amazing that Secretary Marshall *and* the entire group of black members of Con-

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gress give the Davis-Bacon Act unquestionning support?

Space does not permit the discussion of all the other laws which rig the economic game. Such a discussion would include the more than 500 licensing laws, Interstate Commerce Commission control of trucking, minimum wage laws. These laws, despite lofty social goals, effectively discriminate against economic opportunities for Americans of *any* color who share the following characteristics: late arrival, political impotence, poor education, and low finances. It just happens that blacks are disproportionately represented in such a group.

The task before all of us is to restore the principles of a free society. I wonder whether Secretary Marshall or Senator Hatch would support an amendment to our Constitution which reads as follows: No form of government and no individual has the right to interfere with voluntary exchange between two or more adults.

Walter E. Williams
The Heritage Foundation
Washington, D.C.

Appeasement Revisited

Dear Sir:

For almost two generations the words Munich and Appeasement, when utilized in a foreign relations context, have symbolized policies of surrender and defeat. Raising the Munich analogy with respect to international crises is generally tantamount to accusations of cowardice and betrayal. When the late British Conservative politician, Iain Macleod, produced a laudatory biography of Prime Minister Neville Chamberlain two decades ago, Mr. Macleod in effect destroyed his up-till-then favorable chances to head the next Conservative Government. Alexander Solzhenitsyn's famed denunciation of the spirit of Munich during his 1972 Nobel Prize acceptance address summed up the prevailing critical view of the Munich Crisis held by historians. Some contemporary political commentators, such as Walter Laqueur and Edward Luttwak, have claimed that the West is still paying a political price for the 1938 diplomatic debacle.

In spite of this, David Carlton's article surprisingly portrays Munich as a political success, and praises the successful logic of a diplomacy intended to avoid becoming enmeshed in an "unwinnable war." In fact, Mr. Carlton goes so far to imply (in a footnote rather than in the text) that another Munich would have been vastly more preferrable in September 1939 than the ill-fated Polish Guarantee which resulted in the Nazi invasion and the beginning of the Second World War. One might argue that this is but another example of 1930s revisionism first begun by A.J.P. Taylor, but I think it is more than that. Mr. Carlton's argument is a continuation of the interwar British establishment mindset which emphasized isolationism and domestic concerns at the expense of allies and security interests, and a direct byproduct of the philosophy which led to the abandonment of Britain's military presence in the Gulf of Aden, the Indian Ocean, and the African Continent.

As late as the Spring of 1940, the Chamberlain Government was still arguing that Czechoslovakia should not be allowed to return to its pre-Munich borders, and that it would have to be satisfied with significantly less territory, be willing to accept a reduced population, and be for-

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bidden to recover any prior defensible natural boundaries. The parallel with Britain's current position *vis-a-vis* Israel is striking, since successive British postwar governments have never – with the 1956 Suez exception – considered Israel a true ally. The British and their Common Market partners believe that the Israelis can only make peace with the Arab world by a voluntary diminution of territory, major strategic withdrawals, and an abandonment of claims to their capital city, Jerusalem. Arab rulers have replaced the German warlords, but Britain concessionist policies, as long as the concessions are not tied to British interests and British territories, remain pretty much the same as nearly a half century ago.

There is a large measure of agreement among historians that even though Britain and France were militarily unprepared to engage in a major European conflict in the Fall of 1938, the same could be said for Nazi Germany. The supposedly vaunted German military machine did not truly attain formidable strength in armor and airpower (let alone a loyal and subservient General Staff) until after the Munich concessions and the eradication of Czechoslovakian independence in March 1939. And whether or not the Soviets were actually prepared to fight for the Czechs in September 1938, it is a historical reality that the invasion of Poland only took place after the Nazi-Soviet Pact of August 1939. The Hitler-Stalin Agreement was in fact a condition precedent to German military conquest in the East – an event that occurred because of Western weakness and timidity rather than originating as a design to restructure the European balance of power. Not even A.J.P. Taylor would gainsay the assertion that World War II resulted from the collapse of collective security in Western Europe. Despite his perverse outlook, Professor Taylor emphasizes the indecisiveness and incompetence of Western political leaders, Neville Chamberlain a prominent example.

Running throughout Mr. Carlton's essay is the strong implication that Nazi Germany posed a lesser threat for Eastern Europe than the U.S.S.R. This disturbing belief was also held by Prime Minister Chamberlain and his confidants, but as bad as the Soviet-dominated Eastern European historical record has been, can the author rationally claim that the barbarism of Hitler's New Order was in any way preferable to the present Soviet satellites? I, for one, can think of at least ten million objections. What Mr. Carlton apparently implies, what Mr. Taylor has actually inferred, and what Prime Minister Chamberlain always believed is that if one knew what one was about, one could do business with Hitler. The answer to this delusive conundrum can be found in the scathing assessment of historian Allan Bullock: "Hitler will have his place in history, but it will be alongside Attila the Hun, the barbarian . . . ."

Professor Taylor claims in his controversial assessments that the Czechs, even with Anglo-French support, would have had to fight unaided, and Professor Carlton strongly hints that Britain was too weak to do anything, if she really wanted to do something, while France was not much stronger. The facts simply do not support this interpretation. The real issue was the will of the beleaguered Czechs themselves, and only on this score do the pro-appeasers have some

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merit to their arguments. It appears from all the documentation now available that Czech President, Eduard Benes, informed the French Cabinet before the British and French leaders met in London that if they put pressure on the Czech Government not to fight, Czechoslovakia would be willing to toss in the towel. The French Premier and Foreign Minister, Daladier and Bonnet, never directly informed Prime Minister Chamberlain of this development, but it goes far to explain the supine behavior of the French during the final week preceding Munich. Appeasement was not in the last analysis based on military weakness, but rather upon a failure of the will. That is the lesson for the United States and the Western alliance (such as it is), in the final decades of the twentieth century.

Actually, the fate of Czechoslovakia was sealed during the so-called May Crisis during the Spring of 1938. Major German military maneuvers, the first in several years, were misinterpreted by Western military observers, and before long war clouds were gathering on the political horizon. Prime Minister Chamberlain set the tone when he informed the French on May 22 that Britain was not ready to aid France militarily in defense of the Czechs. In fact, the diplomatic maneuvering and ultimate *denouement* of May 1938 clearly foretold the inaction and retreat of the Western allies the following September. The May Crisis served as a curtain raiser to the final drama, and it can be argued that the example of Anglo-French vacillation, tergiversation, and ineptitude was not forgotten by Herr Hitler.

Munich was neither logical nor sensible, and although Mr. Carlton would have it otherwise, war came to Europe in September 1939 because of Anglo-French weakness and not because of diplomatic moralizing or mock heroics. The military and strategic position of the United States today is in no way comparable to the situation facing Prime Minister Chamberlain and Premier Daladier in 1938, except for the disintegration of alliances and the growing weakness of Western resolve. American power may have declined and U.S. influence may indeed be on the wane, but the result has been more chaos, more conflict, and more danger to world public order than was the case during the era of U.S. global primacy. Today, as in the past, defeatism and powerlessness remain prime enticements for aggression. In that sense Abyssinia and Afghanistan have a historical nexus.

Writing in his diary on September 29, 1938, Harold Nicolson observed that the British "Government is less resolute than the country." And then added, "[s]o far as one can see, Hitler gets everything he wants." The folly of Appeasement is that it did not work and could not have worked, no matter what the good intentions of its proponents. Appeasement only bought time for aggressors. The danger of Mr. Carlton's viewpoint is that by ignoring "far-away" countries subject to aggression, the entire world becomes less stable, and the free world becomes more endangered. Appeasement was and is a losing proposition.

Robert A. Friedlander
Ohio Northern University
Ada, Ohio

Dear Sir:

David Carlton makes plain that his brief for Neville Chamberlain

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should not be taken as mere perversity but rather as an analysis with relevance to the contemporary situation of the United States and the Western world. In this regard, Senator Henry Jackson becomes Mr. Carlton's *bete noire*, the American politician most in need of re-education in the theory, practice, and necessity of appeasement. Mr. Carlton is disturbed that his own preferred policy toward the Soviet Union can be so readily attacked by analogy to Neville Chamberlain's policies. Accordingly, he seeks to strip that policy of its negative connotations so that Henry Jackson can be berated for not being an appeaser.

In this respect, Mr. Carlton should be praised for his candor. He might have done the typical thing, which is to describe his preferred policy as "realistic," "sophisticated," and "balanced." Such codewords have long been employed to avoid the more politically damaging characterization of appeasement. Apparently, Mr. Carlton judges that he can employ the dread word and get away with it, and I do not doubt that he may be right. There is, after all, growing receptivity, even if some find it disheartening. In the first stage, proponents of appeasement deny that this is what they are advocating; in the next stage, the thing is identified for what it is; finally, appeasement is defined as a positive good, the essence of clear thinking and tough mindedness. David Carlton and Neville Chamberlain become the true realists, Winston Churchill and Henry Jackson the naive romanticists.

But it is a bit too pat. Consider some of Mr. Carlton's concrete suggestions. First, he urges that we accept the Soviet view that China is the West's main enemy and that we not aid in China's development. Second, he urges that we accept the Soviet suggestion that we not aid those Afghanis who wish to defend their country against Soviet aggression. Third, he suggests that we accept the Soviet-created view of the global economy, and that we acquiesce in demands for a so-called New Economic Order. These approaches, Mr. Carlton suggests, will spare us the debilitating consequences of war with the Soviet Union. What causes him to believe this? Presumably, it is some prior assumption about the Soviet Union, but one which he does not share with us in so many words.

Though Mr. Carlton criticizes Senator Jackson for simplistic invocations of the late 1930s, it is his own article – for all of its scholarly apparatus – which misses the profound point. Neville Chamberlain's error after all had to do with the nature of Hitler's Germany, whether or not it was different, say, from Bismarck's Germany. Which is to say, whether there is a difference between just any state and a totalitarian state. Senator Jackson and others press the comparison with the 1930s because they see a difference. Then, and now, it is a question of gauging the intentions of a totalitarian state. Are its aspirations limited, such that they can be accommodated within the existing world order? Or are they total, such that they can be satisfied only by a transformation of the world order? Do totalitarian states acquire massive military power in order to impress others? Or do they acquire it because they mean to use it? Is the totalitarian state "appeaseable"?

How are these things to be judged? Mr. Carlton offers an implicit judgment as to what the tota-

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litarian state wants. Yet he seems to believe that neither its internal history nor its external relations, in all their viciousness, are a reliable indicator of what it intends for the rest of us. In these matters, Mr. Carlton deems Senator Jackson an alarmist and, therefore, tiresome. Senator Jackson, of course, is more than that. His long political career is a rebuke to Europe's past history and its current defeatism. I suspect that Europeans do not like to be reminded of this. After all, the historic failure here is Europe's – its failure to manage its own affairs, its inability to deal with modern totalitarianism which is, as we know, a European creation, not an American one. Twice in this century Europe's mindlessness has drawn the United States into general war. Perhaps Mr. Carlton's whitewash of Britian's role in all this will somehow make his countrymen feel better, especially when he encourages them in that now familiar European pose of dismissing the American as hopelessly naive about the real world.

May an American, therefore, be forgiven just a bit of pique when a European seeks to revive the stupidities of the Old World in order to foist them, once again, upon the New? No doubt, we colonials are still exasperatingly innocent and in need of education in the diplomatic subtleties. Still, in the time since the defense of Western civilization became primarily an American responsibility, we have not done all that badly. One needs only to contrast the thirty-five years since 1945 with the three decades that began in 1915. Henry Jackson, whose career in American politics goes back to 1941, contributed substantially to those successes. He, and other Americans like him, were successful in part because they knew about Neville Chamberlain and therefore did not wish to be like him.

Charles Horner
School of Foreign Service
Georgetown University
Washington, D.C.

Dear Sir:

Historical revisionism is always interesting, especially when the author is a captive of his own historical illusions. David Carlton's article is a thinly disguised attempt at supporting a policy of Western weakness, by weaving a web of historical fiction as justification for Western acquiescence to Soviet expansionism.

A major flaw in Mr. Carlton's argument, even if one were inclined to accept the author's revisionist framework for analytical purposes, is that his historical arguments are severely strained if scrutinized closely. For example, had the Western Democracies reacted firmly to Hitler's occupation of the Rhineland in 1936, Austria and the Sudetenland in 1938, or the rest of Czechoslovakia in 1939, there is ample evidence to support the contention that Hitler would have been deposed by his own general staff, or at the very worst defeated in a short but decisive war, thus at least temporarily averting World War II. Not only would Great Britain have prolonged the existence of her Empire, protected her moral principles and saved the lives of nearly all her subjects by reaching firmly, but the Soviet Union would have been denied entrance into Eastern Europe as well with all its implications for the global balance of power.

Therefore at the very least, common sense tells us that Neville

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Chamberlain's policy of appeasing Nazi Germany was a monumental failure, as is always the case when using this tactic to deal with revolutionary totalitarian nations.

There are at least four major lessons to be learned from the historical failure of appeasement: (1) The psychology of appeasement leads to an automatic narrowing of a nation's interests to the point where very quickly it no longer defines any of its interests as being vital. For example, in 1935 Great Britain defined one of her vital interests as keeping France secure from a German attack, by supporting the Franco-Eastern European Alliance system known as the Little Entente. Having embarked on a policy of active appeasement, in 1936 Great Britain began to more narrowly define French security, and therefore her own, by tacitly withdrawing her support for France's Eastern European policy. The result was the Austrian and Munich debacles of 1938, which destroyed the French security posture and laid the groundwork for her surrender in 1940; (2) Never get into a position where you feel you have to appease. Mr. Carlton saw that "ineradicable" military weakness underlay British appeasement policies from 1937 to 1945. He felt the British mistake was taking on commitments beyond their strength, and therefore feels the U.S. with her now similar military position should act "prudently" by abandoning our commitments and appeasing our enemies. However, Mr. Carlton fails to realize that a nation which begins acting like a second class power soon becomes one. Hence, the more realistic and palatable alternative is to build up the military power of the U.S. and the West to be able to meet these commitments. In fact the author's plan is merely thinly disguised defeatism which leads to "salami tactics"; (3) Understand "salami tactics," which is an aggressor using his own or proxy forces (i.e., Cubans) to take over areas one by one. Each minor area that goes over to the Soviets is judged by the West as not worth fighting a major war over and hence the Soviets get the "slice" free of charge. Appeasement is *not* the appropriate defense against "salami tactics" aggression; rather appeasement is like giving food stamps to someone who needs to go to overeaters anonymous: it only feeds the appetite of expansion. It failed to stop German expansionism in the 1930s and is doomed to failure if tried against Soviet expansionism in the 1980s; (4) Know your enemy. Mr. Carlton correctly sees the Soviet Union as the West's main enemy, as should anyone who has read Soviet literature and perceived what the Soviets have been doing in the world for the past six decades. However, for some strange reason he does not fully comprehend the Soviet Union's divide and conquer strategy for achieving world hegemony. Instead he foolishly believes that Afghanistan is of no importance to the U.S. unless it can be proven that the Soviets are going into Afghanistan as a precursor to an invasion of the Persian Gulf. The evidence Mr. Carlton demands for action would not arrive in time.

If the Soviets invade the Persian Gulf Region, it is too late to worry about stopping them in Afghanistan. Therefore the time to act in Afghanistan is now. U.S. interests are best served by helping the rebels tie down the Soviets in Afghanistan, and in so doing keep the Soviets so preoccupied there that they would

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not dare contemplate an assault in the Persian Gulf area.

Kenneth R. Harmon and
John T. Ostrich, Jr.
Defense and Strategic
Studies Program
University of Southern
California

Dear Sir:

With the greatest of interests I read Mr. David Carlton's article in your last issue. Basically one has to subscribe to his thesis, but as a person living in the very heart of Europe I would like to add a few supplementary rather than critical remarks.

(1) Fritz Kornemann, *Rector Magnificus* of Breslau University, in his Inaugural address, October 1926, pointed out that Germany had lost the World War militarily but had won it geopolitically. Bordering previously on three great powers (France, Austria-Hungary, Russia), it now merely bordered on one: France. Between Germany and Russia was now a mosaic of small, mostly multinational, partly synthetic states which could be annexed at random. It was, indeed, only a question of time until this area would become either German, or German-Russian, or Russian. We have seen all three phases in the years between 1938 and 1945.

(2) The politicians assembled in Paris 1919-1920, geographically, politically, psychologically, historically incredibly ignorant construed a doomed world while betraying even their own principles. Already two hundred years ago Kaunitz had remarked that it is inconceivable how ignorant the British are about the Continent. The study of foreign history, geography and languages in the English-speaking countries has always been a stepchild of education. By 1938 or 1939 not even the greatest statesmen in the West, given the structure and spirit in their countries with all their weaknesses, could have staved off the catastrophe. They faced the heritage of 1919 with a Hitler born not in Braunau, but in Versailles.

(3) World War I ended at first glance as a victory of liberal democracy which, however, is a mere frame: into this was put the picture of firm, dynamic ideologies in the South, the East, and in Germany. Liberal democracy might be able to defend itself: it can practically never take a genuine initiative and is only too happy if it can parry a blow. It is equally incapable of preparing for either war or peace.

(4) All this is proved by a fact which will astound historians no end in the next century: Mr. Harry S. Truman had for three-and-a-half years the monopoly over the A-Bomb. He could have written a post card (registered, airmail, special delivery) to Moscow, asking that the Red Army be withdrawn behind the 1938 boundaries of the U.S.S.R. Why didn't he do it? We know the answer: the American people were not "ready" for such a move. (Nor were the German people for a war in 1939: they were in tears).

(5) There are, as a matter of fact, two areas where democratic procedures are invalid, impossible or self-defeating: foreign policy and military affairs. One has to be secretive in both. Both cannot possibly be understood by the masses. Both have been of very minor importance to the United States a hundred years ago. Now they are no longer footnotes but questions of survival.

(6) There is hardly a book more revealing on that subject than Mr.

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Leslie H. Gelb's *The Irony of Vietnam* in which the withdrawal of the American Army is celebrated as a victory of democracy over the military – which, in a way, it was. Of course, the dear people were manipulated – but in this case by The Enemy. (To the European reader of that volume it is hardly a consolation to know that victories of democracy are triumphs of communism.)

(7) As on China and the Washington-Peking *entente* one cannot pass a final judgment. The Chinese, unlike the Russians, are not a "religious" people. If the Chinese discover that not socialism but free enterprise delivers the goods, these fierce nationalists might drop Karl Marx and adopt Adam Smith – and this from one moment to the other. (Whether a "capitalist" China will be a comfortable competitor in world markets is an entirely different question.)

(8) Our outlook over here is grim – for the near future. Given our inefficient parliaments, amateur politicians, and confused nations there is no *rational* hope left. There exists only (for the Christian at least) Hope as a theological virtue. The stage, indeed, has been set in 1919 and 1945 by ignorants blinded by hatred. The words of St. Augustine apply to them: *acceperunt mercedem suam vani vanam.*

Erik von Kuehnelt-Leddihn
Lans, Tyrol, Austria.

Dear Sir:

I read David Carlton's contribution to your summer issue with growing amazement and dismay. My first thought was to reach for my typewriter. My second was to put it away again. It seemed kinder to you to pass over what must surely have been one of the most curious editorial decisions in the history of a journal with the record and objectives of *Policy Review* and there are clearly strong arguments against responding to the sort of tendentious bait served up by Mr. Carlton.

Third thoughts have won the day. There must be a limit to how much those who distort past and present reality are allowed to get away with, especially in the pages of your journal.

Let me summarize Mr. Carlton's thesis as fairly as I can – there is certainly no need for me to seek a dialectical advantage by misrepresentation. He believes that the efforts of Winston Churchill and his friends did "much to force a reluctant Chamberlain into going to war with Germany." He maintains that "Poland paid an appalling price for the collective peace of mind (sic!) of the British 'men of honor.'" Polish lives would have been saved and the days of the British Empire prolonged had Prime Minister Chamberlain continued with the policy of appeasing the dictators. Mr. Carlton then applies his version of 1930s European history to the present international situation and concludes that 220 million "debellicised" Americans (and their even more "debellicised" allies) should stop aspiring to be world policemen and to the indefinite maintenance of pro-American governments in Latin America and the Middle East and should recognize that it is necessary to appease the Soviet Union. He warns us that "the Marxist-Leninist regime in Peking" and the "crazy" Third World states may "in the long term" give the West more trouble than the Soviets. ("In the long run, we are all dead," said Keynes.)

Many of Mr. Carlton's historical judgments are wrong and it is

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therefore not surprising that so, too, are the lessons he draws from them. Stanley Baldwin fought the 1935 general election on a program of rearmament, following Germany's withdrawal from the Disarmament Conference in October 1933. Yet according to R.A. (now Lord) Butler, "Chamberlain, then Chancellor of the Exchequer, gave a much firmer lead to us than Baldwin and was pilloried not as an appeaser but as a warmonger." Sadly, however, it was already too late to deter the Nazis. The historian Sir John Wheeler-Bennett – who was certainly strongly against appeasement himself – probably summarized accurately the lessons of Munich: "Let us say of the Munich Settlement that it was inescapable; that, faced with the lack of preparedness in Britain's armaments and defences, with the lack of unity at home and in the Commonwealth, with the collapse of French morale, and with the uncertainty of Russia to fight, Mr. Chamberlain had no alternative to do other than he did . . . but . . . let us not omit the shame and humiliation that were ours; let us not forget that, in order to save our own skins – that because we were too weak to protect ourselves – we were forced to sacrifice a small Power to slavery."

By the Fall of 1938 it had become clear to most people in Britain that Hitler's desire to dominate Europe was insatiable and even the Labor Party, who, up to the previous year had actually voted against the defense estimates, was calling on Mr. Chamberlain to "stand firm." After his return from Munich, the Prime Minister accelerated the rearmament program and an alliance was signed with Poland. To quote again from Lord Butler, "We had called Hitler's bluff. And he was not bluffing. But neither were we." Rearmament had started too late – or the bluff had been called too soon. That is why six-and-a-half million Poles were killed, Mr. Carlton.

Insofar that the sad history of the Thirties offers parallels for today, what are the lessons to be learned? They are ones which are simple, obvious, and conventional. The perceived weakness of the West created an irresistible temptation to the expansionist powers and resulted in a world war. Should Mr. Carlton's policies be adopted by a United States government, the prospects for international peace would be gravely damaged.

And surely your contributor's analysis of your country's present aspirations is as misguided as his assessment of my country's history? Whoever enters the White House next January, are they likely to want the United States to act as the "world policeman" or to believe they can maintain indefinitely pro-American regimes in many countries across the globe against the wishes of their peoples? The world is a much more complex place than that, as I hope both candidates and their advisers understand. A vital factor of which Mr. Carlton seems unaware is that the West has many interests in common with most of the rest of the international community – but it must have the sense to develop them. In the ideological war being waged by the Soviet Union the much more powerful weapons are in our armories. All we need is the self-confidence to use them. Conventional military power and the readiness to exercise it are necessary but only minor elements in a very complicated equation.

A final word on Mr. Carlton's

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view of China. When Mao's regime is now being anathematized in the Chinese press as "marxist feudalism," does he *really* believe that Deng Xiaoping's government can be described as "Marxist-Leninist"? Certainly, it continues to use what remains of the Leninist state and party apparatus after the depredations of the Cultural Revolution and it is possible that some future ruler in Peking will again try to force the country back into the molds of Marxism. But as Keynes said . . . .

In 1976, Stephen Haseler began his book, *The Death of British Democracy*, with the following dedication: "To David Carlton . . . . who, perhaps better than most, understands the nature of the totalitarian menace." I have great respect for Stephen Haseler's judgment. Whatever happened to David Carlton?

Ray Whitney, M.P.
House of Commons
London

David Carlton replies:

In the limited space allowed I cannot respond to all the detailed criticisms of my article. I shall therefore largely concentrate on arguments that relate to problems faced by the United States in the 1980s. But first a few comments on the historical aspects. I am struck by the want of up-to-date knowledge revealed and also by the tendency of more than one critic to attribute to me views I do not hold. And Ray Whitney even appears to contradict himself. At first he postures as an anti-appeaser but soon finds himself endorsing Sir John Wheeler-Bennett's defense of Munich. In other respects he reveals himself as simply inaccurate. It is nonsense, for example, to claim that Baldwin fought the 1935 general election on a program of rearmament. On the contrary, the Prime Minister made a pledge that there would be "no great armaments." Again, Great Britain did not support the Little Entente in 1935 or at any other time.

Kenneth R. Harmon and John T. Ostrich and also Robert Friedlander seem to me to be no less in error in arguing that Hitler would have lost a war (or been overthrown) if hostilities had occurred in 1938 over Czechoslovakia. Indeed, I think he might have been even more successful than in 1940 in that, in the absence of radar, Great Britain herself might have succumbed to accurate German air-bombing. But such arguments must always remain speculative.

Clearly, however, I owe Dr. Friedlander a candid response to his claim that I implied that Nazi Germany posted a lesser threat for Eastern Europe than the Soviet Union – a proposition with which he strongly disagrees. I must begin by pointing out that, as a Social Democrat and as one who has twice run as a Labor Party candidate for Parliament, I can surely not be taken to be a representative of the Far Right, still less a Nazi sympathizer. Yet as an adversary of Leninism, I prefer today the regimes in power in Guatemala and Honduras to that in Cuba. It is a preference that I hope Dr. Friedlander shares. Certainly it is one shared by ex-President Richard Nixon and by the new incumbent, Ronald Reagan (whose election I much welcome). These same anti-Communist instincts accordingly lead me to conclude that I would indeed have preferred to have lived in the Budapest of Admiral Horthy in the first half of the 1940s rather than

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in that of Comrade Rakosi in the second half. I would similarly see the Bratislava of Monsignor Tiso as less repugnant than that of Comrade Gottwald.

But Dr. Friedlander would no doubt wish to press me about Hitler's period of direct rule in Eastern Europe and the Holocaust that marked its later phases. Without doubt, the scale of murder here exceeded anything committed by the Stalinists in Eastern Europe during the post-war years. But are we comparing like with like? The Holocaust took place at a time when both Nazi and Clerical Authoritarian rule in Eastern Europe was being directly challenged by the invading armies of the Soviet Union. Stalin, on the other hand, faced no similar challenge to the rule of his satraps in post-war Eastern Europe or to his own control of territory incorporated into the Soviet Union. A definite comparison is thus by no means easy. But I do not think Dr. Friedlander can draw much comfort from Stalin's behavior in the matter of Katyn or from his treatment of the Baltic states during the Second World War. Nor will he relish making a comparison of the numbers killed by Stalin and Hitler in their own countries in peacetime conditions during the 1930s. For according to this test Stalin butchered millions while Hitler's score ran only into thousands. Moreover, while Hitler allowed most of his opponents, even Jews, to emigrate, Stalin maintained the closed frontiers that still exist in large measure today.

Incidentally, if we are to compare statistics of mass slaughter, we are entitled also to consider Communist China. According to a study quoted by Philip van der Elst in his recent pamphlet *The Moral Squalor of Marxism*, the Peking regime has killed over 60 million people since 1949. If this estimate is even near to being correct, Hitler and even Stalin are made to appear near-beginners, almost lenient to a fault, in the league of mass murderers. Shocking as the Holocaust was, may not even greater evils in terms of mass slaughter have been experienced?

I turn next to the contemporary implications of what I wrote. I am particularly grateful to Charles Horner for praising my candor in employing the dread word "appeasement" instead of using euphemisms. Clearly he and I are in agreement that "appeasement" did not die with the fall of Neville Chamberlain. Indeed, both he and I would characterize some recent Western policies in that candid way – though with different intentions. He is glad to make the comparison with Chamberlain because he thinks it puts his present-day American adversaries in a self-evidently unattractive light. I, on the other hand, welcome the comparison for the opposite reason: it helps to bring justice to the historical reputation of Chamberlain, whose policies are thus seen to be not *uniquely* misguided, if indeed they were misguided at all.

But there is one point on which I differ quite fundamentally from Mr. Horner. It is that he appears quite simply to be against all "appeasement," all acquiescence in acts of aggression, all accommodation with the forces of evil. I consider that such an attitude is only practical politics when the "White Hats" have superior military strength over a combination of all the "Black Hats." Hence as I made clear in my article, I regret that the Western Democracies did not take firm action over Italy's attack on Abys-

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sinia in 1935 when in my judgment (and also in that of Chamberlain!) an anti-appeasing line could have been safely adopted. But I do not condemn Munich because the military balance had tilted against the Western Powers. I also indicated that I deplore Western lack of vigor in the Indochina crisis of 1954. I thus identified myself not only with Chamberlain but also with Foster Dulles, whom I rate as this century's best American Secretary of State. Dulles, as is well known, deplored the fact that divisions within the Western Alliance and within the United States allowed the Communists to establish themselves in Hanoi at a time when the United States had overwhelming military superiority over all the world's Communist forces. But I do not draw from this the conclusion that Dulles would have favored the use of force to eject the Soviets from Afghanistan in 1980. On the contrary, I think that he, as a realist, would have had to recognize that the changed nature of the military facts makes it impossible for the United States to continue to act on the beliefs that "peace is indivisible," that national security is coterminous with the unilateral enforcement of a system of "collective security" and hence that the United States has a duty to defend *all* victims of aggression. He would have regretted the change in the military facts (as I do). But he could not have ignored them. Mr. Horner appears to me to do so.

Most of my other critics show the same flaw. Professors Harmon and Ostrich, for example, dogmatize thus: "Appeasement . . . was a monumental failure as is always the case when using this tactic to deal with revolutionary totalitarian nations." And Dr. Friedlander writes that "Appeasement was not in the last analysis based on military weakness, but rather on a failure of will." In short, the "White Hats" will always defeat the "Black Hats" if they only keep their faith and do not lose their willpower. Presumably these gentlemen believe that "willpower" by the French Cabinet would have enabled Paris to be saved in 1940 and that Great Britain, led by the "anti-appeasing" Churchill, would have eventually staged a successful D-Day even if the United States and the Soviet Union had remained neutral. Presumably they believe too that stronger words by Roosevelt at Yalta would have persuaded Stalin to grant freedom to the Poles and today they presumably think that "willpower" can get the Soviets out of Afghanistan.

Afghanistan is indeed a test case both for my position and that of my critics. If the Soviets had invaded in, say, the 1950s, the United States would, as I think, have been on sound ground if she had threatened a nuclear strike to secure their eviction. Such a threat would have carried credibility and in my judgment would have been no less successful than President John Kennedy's threat concerning the Cuban missiles in 1962. But not even my critics have argued that such a nuclear threat should be applied in the Afghan crisis in the circumstances of the 1980s. Tacitly they appear to accept my contention that it is not that kind of vital interest. True, Professors Harmon and Ostrich write that "the time to act in Afghanistan is now." But the only action they have in view appears to be to send supplies to the rebels, who they seem to suppose will "tie the Soviets down" and "keep the Soviets so preoccu-

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pied that they would not dare contemplate an assault in the Persian Gulf area." This constitutes a woeful misreading of the actual strength of the brave Afghan rebels – even if they receive arms from the West. Such a policy actually only amounts to making faces at the Soviets and does not effectively "tie them down." So I must ask my critics what further steps they would take to get the Soviets out of Afghanistan? Would they be prepared to threaten nuclear war if this was the only alternative to acquiescing, for practical purposes, in Moscow's act of conquest? Here my critics should show the same candor that Mr. Horner is good enough to attribute to me. I do not, however, expect them to do so. They will no doubt instead continue to rail against Chamberlain, R. A. Butler, Richard Nixon, Henry Kissinger, Helmut Sonnenfeldt and similar men of reason who believe that the "White Hats" must not be asked to undertake commitments beyond their strength. I am hopeful that the name of Ronald Reagan may soon be added to this list. And I should not be surprised if, despite his ill-informed ranting against Chamberlain, even Henry Jackson himself, given the opportunity, turned out to be no mean practitioner of the art of "selective appeasement." (I hope, incidentally, that the foregoing list will rebut Mr. Horner's absurd charge that I assume all Americans to be hopelessly naive about the real world.) My critics, too, will no doubt continue to have difficulty in coming to terms with the current military facts. If in some future crisis they are absolutely unable to avoid recognition that the West may not have the means necessary to achieve a certain end, I predict that they will then offer the irrelevant wail, as Chamberlain's critics did, and as Professors Harmon and Ostrich actually do in their letter, to the effect that one should "never get into a position where one has to appease." One is reminded of the Irishman who, asked the way to Sligo, said that he would not start from here.

There is, of course, an opposite danger. Professors Harmon and Ostrich, though with customary exaggeration, point this out:"the psychology of appeasement leads to an automatic narrowing of a nation's interests to the point where very quickly it no longer defines any of its interests as being vital." Herr von Kuehnelt-Leddihn's outright defeatism precisely illustrates this problem. He is so downcast at recent Western failures that he sees no hope except in divine intervention. But matters are not, thank God, as bad as that. The United States still has a vast and largely invulnerable second-strike nuclear capability. True, she cannot lightly threaten its use. But President Reagan could surely carry conviction with friends and enemies alike if he laid down early in his presidency those vital moral and material interests that he would defend if necessary to the point of limited nuclear war. These might include: a) The relatively small family of remaining democracies; b) supplies of Middle East oil, above all the Straits of Hormuz and the Royal House of Saudi Arabia; c) supplies of strategic minerals from Southern Africa; d) the protection of the American hemisphere from Castroism. To attempt much more than this, with hope of carrying credibility, would in my view require both the reintroduction of the draft and the recovery

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of that nuclear superiority and near-invulnerability enjoyed under Presidents Truman and Eisenhower. I doubt, however, whether the former is at present domestically tolerable and whether the latter can be achieved at all. If by, say, the end of the 1980s my skepticism on these scores have been falsified, let us by all means look again at the idea of handing out security guarantees to *all* potential victims of aggression. My critics and I might then find ourselves in happy agreement. But meanwhile let the West not promise more than it is likely to be able to perform. This means, as I indicated in my article, that we must in effect remember the Afghans only in our prayers and hence that we must learn from the statemanship of Neville Chamberlain.

A final rejoinder to Mr. Whitney. First I am shocked that such a stout critic of Soviet Communism should reveal so much gullibility about the "new" China and what he appears to consider its departure from "the moulds of Marxism." It is all too reminiscent of the way in which in the 1930s many simpletons and worse allowed their hatred of Fascism to persuade them that Stalin's Russia was for practical purposes an honorary democracy. Secondly, I regret that it has to be the only British contributor who reveals such intolerance of my views to censure the editor for allowing them to appear. He sees fit to cite the journal's "record and objectives" as grounds for having my piece excluded. Such an appeal to conformity would certainly strike a chord in editorial offices in Moscow and, I suspect, despite the alleged departure from "the moulds of Marxism," also in the "new" Peking. But it is not yet a line that I expect to have much appeal in Washington. Hence I am glad, though not surprised, that none of my American critics, vigorously as they have disagreed with me, appears to have expressed the wish that my article should have been replaced by something more "correct."

ERRATUM

On Page 158 in the Fall 1980 issue of *Policy Review*, an incorrect figure was included in Ole-Jacob Hoff's piece, "Of Blueberries and Bureaucrats." The sentence should read, ". . . when the total amount does not exceed 600 dollars." Our sincere apologies to Mr. Hoff and his readers.

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The Oil Weapon De-Mystified

DOUGLAS J. FEITH

Whether the Arabs' oil wealth deserves to be called a "weapon" is a question not answered by the simple observation that Arab oil-exporting countries have parlayed oil into political power. By obediently neglecting plans for strategic petroleum reserves, apologizing for the televising of "Death of a Princess," and estranging themselves for Israel, the governments of oil-importing nations do not establish that there is an oil weapon – only that there are politicians who think there is.

If the term "oil weapon" has any meaning, it is that oil-importing nations need to pay for oil with more than just money – in other words, that importing nations serve their economic interests by accommodating the Arab oil states politically. This is a complex proposition, raising for Americans the following questions: Do the Arab oil states have the ability to punish the United States (or reward it by withholding punishment)? Are the costs (political and economic) of attempting to administer such punishment affordable by the Arab oil regimes, and are such costs likely, in their view, to be compensated by the political concessions the attempt to punish may produce? Does the United States suffer less damage by offering to adjust its national policies to please the oil-rich Arabs than by not doing so, and risking that they will try to do America harm? And finally, can a politics-for-oil deal between the United States and Saudi Arabia, for example, really be struck? – that is, does a mechanism exist to ensure that once the Saudis are bought, they remain bought, upholding their end of the deal without insisting that the United States deliver more consideration than was originally agreed upon? The answers to these questions determine whether or not it makes sense for U.S. policymakers to seek political accommodations with the wielders of the "oil weapon." The common line of reasoning on this subject – that Saudi Arabia has oil that Americans want to buy and therefore the United States should strive to cooperate with the Saudis politically – is both bad economics and bad politics.

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Crude and Punishment: The 1973-74 Arab "Embargo"

The issue of punishment by the Arab oil states leads one to ask: Have these states ever successfully used their oil wealth to punish the United States for political "misbehavior"? What is their ability to do so now? And what is the likelihood of their trying?

The only occasion on which Arab oil states claimed they were using oil to punish a politically uncooperative United States was during the Yom Kippur War of October 1973 and the five-month period immediately thereafter. The upheaval in the world oil market that occurred at that time, though known popularly as the "Arab oil embargo," comprised in fact three distinct phenomena: an announced embargo against the United States and the Netherlands, a cutback in daily oil production, and an oil price increase.

The embargo failed to inflict special supply shortfalls on the designated "victims." The multinational companies that distribute Arab oil did abide by the ban on shipments to the United States and the Netherlands. At the same time, however, they shifted around supplies of non-Arab oil so as to spread the total supply shortfall thinly among many of the oil-importing nations.[1] That redistribution, combined with the production increases the non-Arab oil producers instituted at the time and the leakages of Arab oil (especially refined products, as opposed to crude oil) through the embargo "wall" alleviated the crisis.

1. Emilio G. Collado, Director and Executive Vice President of Exxon Corporation, reported, in testimony before the U.S. Senate Subcommittee on Multinational Corporations, that Exxon "complied with all of the producing countries' embargoes as they ordered. . . ." He stated, however, that Exxon "distributed the crude oil to our affiliated companies on as equitable basis [sic] as we could and this entailed very large adjustments within Europe but very small impacts on the United States. We did not bring any more here. We brought virtually as much as we had before. . . . The net impact on the major trade movements was quite small but the big readjustment frankly, was among the countries of Europe where we had to do a major reallocation given the impact of the embargoes and how it changed some of our flows." Hearings on Multinational Corporations and United States Foreign Policy ("MNC Hearings"). Part 9, June 6, 1974, p. 142. For a statement of the Chairman of Royal Dutch/Shell regarding how his company arranged for oil-sharing among its customers, *see The Economist,* December 8, 1973, p. 8. A similar shuffling of barrels of oil took place when the oil trade between Iran and the United States was terminated in November 1979 following the seizure of the U.S. Embassy in Tehran. That trade cut-off had no significant effect on the oil supplies of the United States or of any other importing nation.

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During the October 1973-March 1974 embargo period, crude oil supplies in the United States grew tightest in February 1974, and even then they were only 5.1 percent lower than the daily average for the first three quarters of the preceding year.[2] That 5.1 percent drop represented a decrease in total U.S. energy supplies of merely 2.5 percent. Measured against projections of crude oil demand that were made before the embargo, the shortfall in supplies was roughly the same (11 percent to 14 percent) for the United States and for each of the major countries of the West European Common Market.[3] That the Common Market states responded to the embargo announcement by hastily issuing a joint resolution antagonistic to Israel afforded them no supply advantage. Indeed, the Netherlands, singled out by the Arabs for full embargo as a pro-Israel and thus politically "hostile" nation, experienced less of a supply shortfall than did France and Britain, the countries that led Western Europe's pro-Arab political initiative.[4]

In the words of Harvard economist Hendrik S. Houthakker, "the 1973-74 embargo was largely ineffectual in cutting off oil supplies to the embargoed countries."[5] In the same context,

2. *See* MNC Hearings, *op. cit.*, Part 9, p. 186.

3. *See* Hans Maull, *Oil and Influence: The Oil Weapon Examined* (International Institute for Strategic Studies, Adelphi Paper No. 117, 1975) pp. 6-7; *The Economist*, January 26, 1974, p. 62; *Business Week*, March 2, 1974, p. 17. The figures "11 percent to 14 percent" are somewhat misleading because they suggest that the actual shortfall in supply – the extent to which actual demand exceeded actual available supply – was greater than it was. Those who made the pre-Yom Kippur War demand projections had no way of knowing that oil prices would increase fourfold in the last quarter of 1973; if they had, however, their projections would have been scaled down to account for the drop in demand caused by the price increases. Duly scaled down projections would yield shortfall figures smaller than "11 percent to 14 percent."

4. *See* Maull, *op. cit.* p. 7; *The Economist*, January 26, 1974, p. 62.

5. Hendrik S. Houthakker, *The World Price of Oil: A Medium Term Analysis*, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1976) p. 33. Professor Houthaker observed: "The disruption of the U.S. petroleum market in the early months of 1974 was real enough, but resulted largely from official mismanagement and public hysteria . . . ." Economist M. A. Adelman of the Massachusetts Institute of Technology has written: "[M]ost of the impact [of the so-called Arab embargo] was due to higher prices, not lack of supply . . . [M]uch of the disruption was due neither to the higher prices nor to the lack of supply but rather to

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regarding the Arab embargo, the journal *Petroleum Economist* used the phrase "almost irrelevant,"[6] while Professor Guy de Carmoy of France chose "on the whole ineffective."[7] The signal lessons of the Arab embargo are (1) even when the Arab oil states stand relatively united with a common political purpose, it is beyond their capability to discriminate effectively between "friends" and "enemies" in connection with a supply squeeze, and (2) it is greatly in the interest of the oil-importing nations to minimize the control which exporting nations exercise over the oil distribution networks.

The drop in world supplies of oil during the embargo period resulted, of course, not from the ban on shipments of Arab oil to the Americans or the Dutch, but from the production cutbacks effected by most of the Arab oil states. The regimes that ordered cutbacks made a point of announcing that their motives were political rather than economic. Accordingly, they declared that, beyond those cuts that were to take effect immediately (in October 1973), further reductions of 5 percent would be implemented each month until Israel withdrew completely from the areas it won in the June 1967 war and "the legitimate rights of the Palestinian people are restored."[8]

The production cutbacks yielded enormous economic value to the members of OPEC, a predictable (and predicted) outcome that casts doubt on the Arabs' claim that that action was politically motivated. The cutbacks, by creating confusion and measurable (although short-lived) supply shortfalls, allowed leading OPEC countries to sustain the 70 percent price rise — Saudi "benchmark" crude oil went from $3.01 to $5.12 per barrel[9] — which they imposed in October 1973. The cutbacks

the explosive combination of controlled prices and no rationing. Supply might have been equated with demand by letting prices rise, *or* by levying a gasoline excise tax, *or* by rationing. When we kept prices frozen without rationing, the mile-long gasoline lines followed as the night the day." MNC Hearings, *op. cit.*, Part 11, January 29, 1975, p. 17 (italics in original).

6. March 1974, p. 98.

7. Guy de Carmoy, *Energy for Europe: Economic and Political Implications*, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1977), p. 104.

8. Declaration of Organization of Arab Petroleum Exporting Countries, quoted in Shmuel Yaari, "The Basic Economics of Arab Oil Actions," *Middle East Information Series*, XXVI-XXVII, Spring/Summer 1974, p. 80.

9. *See The Economist*, January 5, 1974, p. 65.

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caused panic among consumers, which led to a ravaging of oil inventories throughout the West and a drastic increase in spot market oil prices. In November 1973, for example, Nigeria and Iran held oil auctions in which they realized $16.80 and $17.40 per barrel respectively. Thus made confident of their economic strength in a market with tight supply, the OPEC countries adopted an additional 120 percent price rise — "benchmark" crude going from $5.12 to $11.65[10] — in December 1973.

When pondering the assertion that the Arab decision to reduce oil production was essentially political in nature, one should bear in mind that (1) the Saudis and others violated the monthly reduction plan as soon as it became clear that the December 1973 price increase would stick;[11] (2) even with the cutbacks in the fourth quarter of 1973, OPEC's total 1973 production exceeded its 1972 production by more than 12 percent, suggesting that the cutbacks were required, as a business matter, to offset the unusually high production of the first three quarters of 1973;[12] (3) the Arab oil states terminated their reduction plan and their embargo against the United States without having won satisfaction of their political demands;[13] and (4) even after the political justification was removed, a number of Arab states continuted to reduce their oil production.[14] Why, under the circumstances, should one view the Arabs' 1973 production cutbacks as any more "political" than the cutbacks made by Nigeria in 1974 (22 percent, as measured against the daily average for the preceding year)[15] or Venezuela in 1975

10. *Ibid.*

11. Saudi Arabia actually increased its crude oil production each month from December 1973 through March 1974; Abu Dhabi increased production throughout the first quarter of 1974; Libya increased its production in January 1974 and maintained in both February and March of 1974 a higher production level than it maintained in November-December 1973. *See* MNC Hearings, Part 9, p. 185. *See also The Economist*, February 16, 1974, p. 74.

12. *See* John M. Blair, *The Control of Oil*, (New York: Pantheon Books, 1976), pp. 266-68.

13. As Hans Maull put it, "The fact that the oil weapon was sheathed again before any of the stated Arab objectives had been achieved underlines that its success was not unqualified." Maull, *op. cit.*, p. 10.

14. *See* Houthakker, *op. cit.*, p. 26, citing CIA, *International Oil Developments*, February 12, 1976.

15. *Ibid.*

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(25 percent)?[16] That the Arabs *said* it was political illustrates a critical fact about the "oil weapon": When an oil policy decision of an Arab regime affects the United States for good or ill, and a pretext can be found to call the decision a political reward or punishment, the regime calls it so; when no such pretext exists, the decision is justified forthrightly as an economic matter.

The Sting

OPEC, when it quadrupled its crude oil prices during the last quarter of 1973, took advantage of the pandemonium created by "oil weapon" bluster. But the price hikes themselves were no more political than is the desire to have more money. The lack of relation between the Yom Kippur War and the OPEC price rise initiated during that war is acknowledged even by commentators who are otherwise inclined to discover political motives behind Arab oil policies.[17]

OPEC oil prices began to climb steeply well before the Yom Kippur War. The big push began in 1970, following the revolution in Libya; the price of a barrel of "benchmark" crude rose from $1.80 in late 1970 to $3.01 just before the Yom Kippur War. Within OPEC, it was not the Arabs but the Iranians and the Venezuelans who led the campaign to raise prices in late 1973. Indeed, if the embargo period price explosion proves anything about the relation of oil to politics, it is that politics takes a back seat to economics — even with the Arabs, and even during a hot period in the Arab-Israeli conflict.

That price explosion contradicted the claim that the sole (or even chief) purpose of the cutbacks was to punish Israel's friends. Moreover, it caused the most hardship in relatively poor countries and in countries that import a larger share of their oil supplies. Another of its effects, therefore, was to harm the staunchly anti-Israel, oil-poor Third World even more than Western Europe (which still equivocates in its condemnations of Israel), and to harm Western Europe even more than the relatively pro-Israel United States. During an interview in 1975,

16 *Ibid.*

17. *See* George Lenczowski, *Middle East Oil in a Revolutionary Age*, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1976), pp. 34-35.

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Italian journalist Oriana Fallaci mentioned to Sheik Yamani, Saudi Arabia's oil minister, that the 1973-74 OPEC price increase "harmed the European countries, India and Japan, not the United States, to be precise." The Sheik replied: "There can be no doubt. As compared to the European and Japanese economies, the American economy benefited from that increase . . . . (T)he United States imports far less oil than Europe and Japan and, moreover, is better able to bear a price increase." Given the undeniable economic fact that Saudi oil pricing policies affect various nations without regard to those nations' political stand on the Arab-Israeli conflict, Sheik Yamani felt compelled to admit that "the Palestinian problem" has "got nothing to do with the price of oil."[18]

The oil market speaks plainly: Nations that render political concessions to the Arab oil regimes are spared neither price nor supply headaches when those regimes' business considerations impel a cut in oil production or an increase in prices. It is noteworthy that from 1974 to 1978 — a period of relatively good relations between the United States and Israel — the real dollar price of OPEC oil actually fell, while in 1978 and 1979 — a period when Washington began to pressure Israel strenuously, courted the PLO, and sought to win the Saudis' goodwill by consenting to sell them F-15s — OPEC oil prices skyrocketed. This is not to suggest that a direct relationship exists between the intensity of U.S. efforts to please the Saudis and the rate at which America's oil woes increase; it does suggest that the link between U.S.-Saudi political cooperation and cheaper oil is a figment of theorists, at odds with the lessons of both history and economics.

The 1973-74 Arab embargo nonetheless proved an unqualified *political* success, insofar as it alchemized economic fears in the importing nations into sympathy for the Arabs' campaign against Israel and into general diplomatic solicitude for the Arabs. It is not widely appreciated that that success came despite, and not because of, the actual economic effects of Arab oil policies. Sheik Yamani surely apprehends, however, that it was folly on the part of the importing nations — discomfort and injury caused those nations by the panic of ill-informed officials and citizens — that accounted for the political success of the

18. *The New York Times Magazine*, September 14, 1975, pp. 28, 36.

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"oil weapon" more than the Arab oil states' actual ability to inflict the punishment on political opponents. The Arabs have been fortunate that the United States has not called their bluff. And they appreciate the importance of not pushing their luck; despite the vagaries of U.S. foreign policy over the years, they have not since 1973 even tried to use their oil wealth to punish the United States.

Petrodollars and Oil Supply

Presumably, if the "oil weapon" were the dread and handy instrument of policy it is commonly thought to be, it would not lie around unused for years on end. After pondering what this lack of use implies, one is left with the question: How might the Arab oil states make political use of oil today in their dealings with the United States? Phrased more precisely: In what ways can Arab states realistically be expected to adjust their policies regarding oil prices, supplies (embargo or daily production levels), or petrodollars so as to penalize the United States for lack of political cooperation?

Of those three items —price, supply, and petrodollars — the last is most obviously not useful as a political weapon. There are only four things that an oil state can do with its revenues: Buy goods or services, invest in foreign business enterprises, make deposits in banks, or bury the cash in the sand. The sand option is the only way to take petrodollars out of circulation. Thanks to inflation, however, it would amount to burning money: an outcome beneficial to the country that issued the currency and damaging to the oil state. No threat there.

Furthermore, to the extent that an oil state would, for non-business reasons, withdraw money from an investment in the United States, that investment would become underpriced. When the withdrawn funds are then spent, invested, or deposited in Europe, the Europeans can be counted on to use them to buy up the undervalued U.S. investments the oil producers just abandoned. Unless money is taken out of circulation altogether (*e.g.*, burned), it cannot be kept away from a good investment.

Dollars are, in essence, certificates redeemable for U.S. goods and services. Petrodollars will be so redeemed either by the oil states themselves or through the non-U.S. businesses and banks with which the oil states deal. It is in this light that one should contemplate a threat by an oil state to pass up, for political

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reasons, U.S. goods or services that it would otherwise have purchased. That threat's execution would yield the following results: (1) Harm to the oil state – if the non-U.S. company could provide the same quality goods and services at a lower price than can the U.S. company which was passed over, the oil state would have bought from that non-U.S. company in the first place; (2) Harm to the particular U.S. company involved – to the extent of its lost profits;[19] and (3) A transfer of dollars from the oil state to that fortunate non-U.S. company, which will then either use the dollars to buy U.S. goods or services or pass the dollars to someone else who will. In any event, no harm comes to the United States as a whole.

Should an oil state threaten to move large amounts of capital out of the United States quickly, and thereby disrupt the U.S. economy unacceptably, the U.S. government has the power to freeze that state's assets in the United States, as was done on November 14, 1979, to Iran in connection with the Tehran embassy crisis. This power represents another constraint on the use of petrodollars as a political weapon.

Addressing the subject of petrodollars and politics, economist Donald A. Wells has written:

> As an investor, the Saudi government has maintained a high level of liquid foreign assets to protect itself against a decline in foreign-exchange earnings, whether this decline be self-initiated or imposed by others. It is therefore unreasonable to regard a large accumulation of liquid foreign assets merely as a residue of savings. The usefulness of these funds suggests that the Saudis will be prudent in their management and *cannot afford to take capital losses in order to manipulate them for political purposes.* Political manipulation would be more feasible if the funds were truly surplus and were not important in the promotion of economic stability and security.[20]

19. This assumes that that U.S. company does not benefit from whatever purchases will be made with the dollars that the oil state has diverted to the non-U.S. company.

20. Donald W. Wells, *Saudi Arabian Development Strategy*, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1976), p. 60 (my italics). Regarding petrodollars and the world economy generally, *see* Richard Melson and Lawrence Feiner, *Cambridge Forecast Reports* (Cambridge Forecast Group) June 1979, January 1980; S. Fred Singer, "Living with Imports," *The New Republic,* February 25, 1978, pp. 33-34.

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Like petrodollar threats, the threat to punish the United States by manipulating oil supplies appears dubious, if not altogether incredible, in light of the existing obstacles to successful manipulation. Foremost among these is the relatively low degree of U.S. dependence on oil imports, much less on oil shipments from any given producer.

The United States derives approximately 42 percent of the energy it uses from oil.[21] Total U.S. imports of oil now amount to less than 7.0 million barrels per day ("mbd") (down from 8.157 mbd in 1979) and compose less than half of daily U.S. oil consumption (the rest coming from domestic production).[22] Saudi Arabia, which exports more oil to the United States than does any other country, accounts for approximately 9.0 percent of U.S. crude oil supplies and approximately 3.8 percent of total U.S. energy source supplies.[23]

Restrictions on Production

The simple threat of embargo has no teeth. As the 1973-74 Arab embargo illustrated, no producer (or set of producers) can impose a supply shortfall on a single importing nation. (Remember also how easily world oil markets adjusted to Iran's 1979-80 oil embargo against the United States.) Moreover, sharing schemes devised by industrialized nations through the International Energy Agency afford participants extra protection against embargo threats. To hit an importing nation in the supplies, a producer must do more than declare an embargo: it must cut its own production.

Production cuts, however, are clumsy as a political tool because they affect adversely all importing nations, not just the special target nation. Indeed, if an Arab state wishes to target the United States for punishment, a production cut would be an especially clumsy tool, for it would, as occurred following the Yom Kippur War, damage the poor (and politically pro-Arab)

21. *See* U.S. Department of Energy, *Monthly Energy Review*, May 1980, p. 6.

22. *See* American Petroleum Institute, *Monthly Statistical Report*, May 1980, p. 6; *Oil & Gas Journal*, January 28, 1980, p. 109.

23. In 1979, the average U.S. supply of crude oil was roughly 14.9 mbd, while imports were roughly 6.3 mbd, and imports from Saudi Arabia were 1.3 mbd. *See* U.S. Central Intelligence Agency, *International Energy Statistical Review*, (CIA Statistical Review); *Oil & Gas Journal*, January 28, 1980, pp. 108-124.

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oil-importing nations most, and the United States least. While the 1973 production cuts (and the accompanying price increases) stimulated more astonishment and fear than resentment, it is likely to be the other way around if the Arabs attempt that trick again, especially if they do so for clearly political motives. Were the Arabs now to trounce the world's poor simply in order to tweak the United States, the trounced would likelier blame their misery on the Arabs than on the Americans or the Israelis. The Arabs undoubtedly understand this.[24]

Furthermore, since production cuts affect the supplies of importing nations proportionately, the only way for the Saudi regime, for example, to damage the United States to the full extent of around 3.8 percent of U.S. energy source supplies would be to cut Saudi oil production to zero.[25] Such a move would be reckless beyond any economic actions that even the Ayatollah Khomeini has taken.[26] First, it would amount to a declaration of war against the United States (if not the entire oil-importing world). Second, it would create political unrest within Saudi Arabia; people who have come to expect a steady inflow of large amounts of petrodollars can be expected to grow

24. *See* text accompanying note 18 above.

25. Even were Saudi Arabia to cut its production to zero, this would not actually result in a drop in U.S. energy source supplies of 3.8 percent. The effect of such a production cut would be to tighten world oil supplies generally and push all oil prices up. The world's richest countries would be relatively well-situated to satisfy their oil needs while the poor, as usual, would take it on the chin.

26. In the enlightening interview with Saudi Prince Fahd published (in Arabic) on January 11, 1980, in the Beirut newspaper *Al-Hawadith*, the following exchange occurred, revealing the cautious Saudi leader's concern about "backfire" from the "oil weapon": Question: "Pending the elaboration of a joint strategy by the States which reject the Camp David agreement, has the Kingdom [of Saudi Arabia] drawn up its strategy? No matter how much we try to beat around the bush, oil is a basic card, if not the trump card, in the Middle East game. What is your strategy for using this card or weapon?" Prince Fahd: "Our view is that the subject of oil is so important and dangerous as to make us keep it away from childish talk and arguments. It would be the easiest thing for us to appear on television or let ourselves be swayed by talk and press statements and say what we imagine would please the people. Oil is not a personal weapon that is the property of one party; it is a basic material on which our life and the lives of others depend. Therefore, we must protect it from the unruly currents so as not to find ourselves in a situation where we would lose control of it."

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uneasy or perhaps even revolutionary if that inflow is interrupted for political reasons. Third, it is not clear how many oil wells can be shut in without causing inordinate damage (from water seepage, for example). Fourth, apparent willingness on the part of Riyadh to use oil as a weapon would encourage terrorist threats aimed at compelling the House of Saud to press various ideological demands on the oil-importing nations. Likewise, Riyadh's willingness to bestow economic rewards on "friendly" customers would invite from those customers an endless stream of demands for bribes.

To the extent that Saudi Arabia, in an attempt to punish the United States, could win cooperation from fellow Arab OPEC states willing to cut their own production, supplies would tighten even more in the world oil market, to the disadvantage chiefly of the Third World poor. The effects on the United States would be relatively minor.[27] In any event, as a practical matter, such cooperation is not in prospect. The development plans of most of the Arab oil states are even more delicate than those of Saudi Arabia; they are in an even worse position than Saudi Arabia to bear the shock of an interruption of oil revenues. In the view of virtually every Arab oil regime, the costs of such cooperation – measured by, among other things, the risk of revolution (that is, death to the rulers) – are certain to outweigh the value of the chance that the United States will change its foreign policy under pressure. Furthermore, it is improbable in the extreme that the Arab oil states would agree on political tactics; even during the Yom Kippur War, Iraq refused to join in the production cuts and Libya refused to enforce the embargo strictly. Both Iraq and Libya boycotted the mid-embargo (November 1973) Arab summit conference in Algiers.

The constraints on the political use of oil prices are similar to those on the political manipulation of supplies. The nature of the world market is such that an oil state cannot raise its prices

27. In 1979, U.S. crude oil imports from Arab states amounted to roughly 3.2 mbd. *See Oil & Gas Journal*, January 28, 1980, p. 124. In December 1979, the current trend away from reliance on such imports was underway and the average for the month was approximately 2.7 mbd. This December 1979 2.7 mbd figure represented approximately 5.5 percent of total U.S. energy source supplies. *See* CIA Statistical Review, *op. cit.*, June 24, 1980, p. 5.

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for one nation alone. Here again, therefore, is the standard problem: The Arab oil states could not use an oil price increase to punish the United States without damaging themselves economically, devastating their "friends" in countries that are poor and relatively highly dependent, and thereby risking a net political loss for the Arab world. Indeed, an attempt to use price as a political weapon would probably generate more anti-Arab antagonism than would any other political oil ploy, for it would look inevitably like greed rather than statesmanship.

Recent history teaches that if an oil state thinks it can increase its wealth by raising oil prices, it will raise them. The Arabs must view with contemptuous amazement those people in the oil-importing world who actually believe oil price increases result from Arab disapproval of a foreign nation's diplomacy.

'Moderation' as Self-Interest

It is frequently suggested that the Saudis, because they do not "need" the extra revenue (whatever that means) are willing to forego the best price for their oil (or the economically most advantageous oil production level) out of friendship for the United States. this allows the argument to be made that, even though harmful punishment of the United States may be impractical, Saudi Arabia is in a position to reward the United States for good political behavior. Proof of the Saudis' friendship and their willingness to reward U.S. political concessions is said to emerge from the fact that Saudi Arabia consistently assumes, within OPEC counsels, a relatively "moderate" attitude toward oil prices. Such reasoning, however, miscontrues what occurs at OPEC's semi-annual price-fixing conferences.

The oil cartel comprises thirteen nations that differ from each other in economically significant respects — population, volume of oil reserves, unused oil production capacity, size of foreign currency reserves, extent of foreign investment, amount of foreign trade surplus or deficit, and degree of political stability, among other things. The differences among its members complicate the cartel's essential function, which is to keep the world oil market's supplies less plentiful than they would be if the OPEC countries competed freely against one another for markets. By making supply "tight," the cartel helps ensure that its customers feel compelled to pay the price OPEC officially asks of them.

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The OPEC countries produce less oil each day than the total amount they would produce if they did not coordinate. They all thereby become much wealthier than they would otherwise be.[28] This arrangement requires, however, that world demand for oil remain high enough to allow for tight supply without forcing individual OPEC countries to cut production below their "minimum" levels – that is, below the level at which they receive their optimum oil revenues. If high oil prices and/or an economic recession in the oil-importing world reduce demand for oil to a point where the oil-exporting countries can benefit from cheating against the cartel, such cheating will occur. In order to bring in higher revenues, the cheaters will cut their prices (through such techniques as easier credit terms, for example) and increase their sales.[29]

The individual economic circumstances of the thirteen members of OPEC yield a different "perfect" or preferred price for oil for each member at any given time. The benefits of the cartel are such that each member has a large interest in cartel unity (or something closely approximating it) on the crucial issue of price. Each member nonetheless also has an interest in trying to set the cartel price as close as possible to that member's

28. More-revenue-for-less-production holds true, of course, only to a point. If production is cut below the optimum level, then, even though the cut causes oil prices to rise, the oil producers suffer a loss in revenue simply because they are selling too little.

29. This is, evidently, what happened during the 1974-75 recession, which accounts in part for how Iraq and, to a lesser extent, the United Arab Emirates, managed to increase their production in 1975, despite declining world oil consumption, increasing non-OPEC production, and an overall decrease in OPEC production. *See* U.S. Central Intelligence Agency, *International Oil Developments: Statistical Survey*, September 9, 1976, reproduced in U.S. Congress Joint Economic Committee *Hearings on Multinational Oil Companies and OPEC: Implications for U.S. Policy*, (94th Congress, 2d Session, June 1976), p. 287; E. Kanovsky, *Middle East Oil in the 1970's: An Economic Analysis* (unpublished manuscript) March 1980, pp. 12-13. While the cartel can apparently survive a small amount of cheating ("small" in relation to OPEC production as a whole, though highly profitable for the cheater-nation), a substantial decrease in world oil demand or a substantial increase in non-OPEC energy sources could stimulate enough price-cutting and market-stealing by cartel members to damage fatally the "pro-rationing" scheme which gives rise to the cartel's power over prices. *See* S. Fred Singer, "A National Energy Policy," *Middle East Review*, Spring 1977, pp. 50-51.

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"perfect" price. This basic economic truth is commonly ignored, and its neglect accounts in large part for the readiness of politicians, journalists, and others to explain the Saudis' relative "moderation" on oil prices as a political gesture entitling Saudi Arabia to our gratitude.

The Saudi Perspective

The Saudis estimate their "perfect" price at any given time in light of the following factors:

(1) Optimizing current revenues. The Saudis do not aim simply to maximize current oil revenues; they favor a price that yields not the highest current revenues but the highest revenues consistent with the other interests listed here below.

(2) Protecting the value of Saudi Arabia's large reserves of oil in the ground. Unlike the other OPEC countries, Saudi Arabia could produce oil as fast as it can sell it and large oil reserves would still remain in the ground there thirty years from now. If oil prices rise too high too fast (that is, if world supply shrinks too quickly), thereby making economic and urgent the development of non-OPEC sources of oil and non-oil sources of energy, the Saudis themselves will "pay" for those higher prices through the loss of value of their oil in the ground. Oil states with small reserves can anticipate selling off virtually all their oil in the near term in any event, since several years will necessarily pass between the time when (i) high oil prices render economical a large-scale shift away from OPEC to other energy source suppliers and (ii) such a shift can actually be accomplished. But the Saudis simply have too much oil to afford to ignore how excessive prices (that is, sharply reduced production) today would damage the oil market in the medium and long term.

(3) Guarding the value of the dollar. While the Saudis' ability to spend is impressive (far greater indeed than many putative experts predicted a few years ago),[30] they still hold a sub-

30. It is not surprising that many a commentator in the early Seventies guessed wrong about how high oil prices could rise, how much revenue the oil states could garner, how much they could manage to spend in a year, and how disruptive to the international financial world would be their petrodollars "surpluses." The extent to which certain commentators were wrong, however, calls attention to the role of misinformation, ignorance of basic economics, and erroneous political preconceptions in creating undue

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tantial portion of their oil revenues as cash in the bank. If high oil prices damage the dollar, the Saudis' gain in oil revenues will be offset, at least in part, by the devaluation of their dollar holdings.[31] Oil states like Nigeria, Algeria, and Venezuela, which tend to spend more than they earn (and do not possess large foreign currency holdings), naturally worry less than Saudi Arabia about the effect of high oil prices on the dollar.

(4) Guarding the value of foreign investments. Unlike those oil states with minimal investments in the oil-importing world, Saudi Arabia must account in its oil policy calculations for the harm that too high oil prices will cause its foreign investments, lest such prices effect a net economic loss for the Saudis.[32]

alarm about the Arabs' "oil weapon." For example, in a "round table" discussion held in September 1973 (less than two weeks before the outbreak of the Yom Kippur War) George W. Ball, a former U.S. Undersecretary of State and a persistent advocate of closer U.S. political ties with the Arab oil producers, observed that "the U.S. import bill for oil may be something like $18 billion by the early 1980's." Mr. Ball termed this "a very alarming figure" and expressed the hope that "instead of $18 billion, it may be in the neighborhood of $6 to $8 billion," figures that Mr. Ball said "we ought to be able to live with." Mr. Ball noted that, "on almost any projection," the Arab states are going to have "earnings far in excess of their absorptive capacities." Paul W. McCracken, moderator, *The Energy Crisis,* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1973), pp. 84-85, 102. As it turned out, the U.S. import bill for oil is now just short of $100 billion a year and the U.S. economy has not only not collapsed, it continues to grow. Whereas Mr. Ball worried over whether all the Arab oil states combined would be capable of spending $35 or $40 billion a year, Saudi Arabia alone spent $200 billion on its last (1975-80) five-year plan. *See The Economist,* April 19, 1980, p. 63. Nevertheless, Mr. Ball to this day continues sounding alarms about the "oil weapon" and urging U.S. efforts to pacify the Arab oil regimes through political pressure on Israel. *See* George W. Ball, "The Coming Crisis in Israeli-American Relations," *Foreign Affairs,* Winter 79/80. ("Unless we make prompt and serious progress toward solving the Palestinian problem, we can expect to see our energy needs increasingly hostage to our Middle East policies.")

31. Sheik Yamani: "We know that if [the West's] economy collapses, we'll collapse with you. Money in itself counts for nothing. It only counts if it is put back into circulation and transformed into industry, technology. In other words, unless the countries of the West are prosperous, we can't import your industry and your technology." *The New York Times Magazine*, September 14, 1975, p. 28.

32. As Professor Wells has observed: "Saudi Arabia is going to be a

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(5) Averting dangerous political crises. Saudi Arabia has by far the largest unused production capacity and the most positive trade balance of any of the OPEC countries. This gives Saudi Arabia a singularly compelling incentive to guess conservatively when it estimates the highest OPEC oil price the market can bear. If, by overshooting the mark with an oil price increase, OPEC helps induce a price-related drop in oil consumption as well as a general economic recession (as happened in 1974-75 and again in 1979), Saudi Arabia becomes the principal target of pressure from two groups in conflict. The reduction in demand for oil will, if large enough, endanger the cartel; if demand is not sufficient at the new price to allow cartel countries to optimize their revenues, one or more members of the cartel will have to reduce production to help out fellow members, or cartel-destroying price-cutting will occur. At that point, Saudi Arabia can expect intense pressure from within OPEC to bear the brunt of the necessary cutback, since Saudi Arabia can most easily sustain a loss of some revenue.[33] At the same time, however, the oil-importing nations will be campaigning for oil price relief to mitigate their recession. These nations too will direct their exhortations toward Saudi Arabia, because

major financial investor in world markets . . . . With financial assets held throughout the world, Saudi Arabia acquires a strong vested interest in international financial stability . . . . The greater the wealth, the greater the cost [to the Saudis] of disruption and instability." Wells, *op. cit.*, pp. 69-77.

33. Such pressure on the Saudis was in fact the *leitmotif* of the September 1980 OPEC conference in Vienna. By the time of the conference, the OPEC countries had learned that their 1979 price increases had depressed demand so severely that, unless OPEC output fell, the surplus of oil production over oil consumption — the much-discussed "glut" — would force substantial price reductions and could, thereby, destroy a valuable element of the OPEC mystique. The smaller producers called for Saudi Arabia to cut its production to sustain the higher prices those smaller producers want to charge. The Saudis, who have nothing against higher prices as such, saw no appeal in higher prices which could be supported only if Saudi Arabia were willing to sell less oil and realize less revenue. The Saudis are not in the business of making gifts to the importing nations, and they are not in the business of making gifts to their fellow exporting nations. No agreement was reached at Vienna. OPEC's problem of excessive production was then, for the moment, solved by the Iranian-Iraqi war.

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its unused production capacity represents their best hope of price relief. A situation in which OPEC is pressing excitedly for lower Saudi production while the oil-importing nations are pressing excitedly for higher Saudi production would represent a threat to the Saudis' control of their own oil policies. Any regime in power in Riyadh, whether Qadhafi-style radical, Iraqi-style Baathist, or ultra-conservative like the current regime, will find it strongly in its interest to avert such a bind by restraining feckless price hawkishness within OPEC.

In short, Saudi Arabia appears relatively "moderate" on oil prices because its "perfect" price for oil, all economic factors considered, happens to be lower than that of other OPEC states — those that have trade deficits, smaller oil reserves, larger populations, less foreign currency holdings and foreign investments, and less unused production capacity. It is no more sensible for U.S. officials to feel gratitude toward Saudi Arabia for its pricing policies than to feel obliged to any other nation for policies that promote that nation's own economic interests. Politics figure importantly in Saudi oil policy calculations only insofar as Riyadh fears the negative political consequences of actions that might provoke harsh responses from foreign powers. History teaches that Saudi oil policy does not compromise economic values in order to reward the world's importing nations for diplomatic concessions rendered. History, moreover, provides no examples of the Saudis sacrificing economic gain in an attempt to punish the United States for actions Riyadh disfavors.

The Canny and the Crazy

Cool-headed evaluation of their economic interests and canny service for those interests have characterized all of the Arab oil regimes, from the Gulf sheikdoms to the radical domains of Qadhafi and Saddam Hussein. It serves the Arab oil regimes' purposes to claim that their oil policies will favor those who cooperate with them politically and will punish those who do not. It also serves their purposes, however, to appreciate the limits on their own power and the dangers involved in trying actually to use oil as a political weapon. Nothing that the Arab oil regimes do suggests ignorance of those limits or indifference to those dangers. On the contrary, their oil policies testify to caution: a trait to be expected in people of great wealth who

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have so much to lose. Witness the fact that, Qadhafi's bizarre political radicalism notwithstanding, the Libyans have managed their oil trade no less rationally (given Libya's economic interests) than the Saudis have managed theirs. For all of Qadhafi's (undoubtedly earnest) denunciations of U.S. policy, Libya deals extensively with U.S. companies, sells oil directly to the United States, bases its oil trade on the dollar, and attempts no price discrimination against the Americans. The Libyans may be radical, but they are not (at least when it comes to oil) stupid. All of which calls into question the conception of oil as a weapon and the wisdom of U.S. policymakers feeling constrained by what they think pleases or displeases the oil regimes.

Nevertheless, U.S. policymakers do feel so constrained. Current U.S. policy reflects fear that the Arab oil regimes are ready to disrupt the business-like operation of the world oil market out of political pique. As the *Wall Street Journal* recently reported, "within the Carter administration, some experts acknowledge that America's close ties with Israel can *impair relations with Arab countries and access to their oil* unless Israel makes more concessions to achieve a Mideast peace."[34] One searches in vain, however, for an explanation of how the Arab oil states might, in the real world, "impair" America's access to oil imports. No oil exporter can prevent the United States (or any other country) from importing oil. The administration "experts" interviewed by the *Journal* are apparently inexpert about the workings of the world oil trade. And they appear unaware of the prudent and money-minded conduct therein of the Arab oil states, whose rulers give every sign of understanding that they cannot significantly harm or favor their American customers without unwisely risking unacceptable damage to themselves.

So long as those Arab rulers remain rational — protective of their own economic and physical well-being as the proverbial "reasonable man" is protective of his — there is no need for U.S. policymakers to fear the oil weapon. Nor is there any reason to try to cultivate political cooperation with the oil regimes as a basis for trade; if cash is tendered, the oil will flow. Indeed, not only is there no need for a politics-for-oil arrangement with a rational oil regime, but its pursuit is the surest

34. July 15, 1980, p. 1 (my italics).

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means of undermining the security of U.S. oil supplies. If Washington grants Saudi Arabia arms and political concessions whenever King Khalid threatens to block the Saudi pipeline, Washington is encouraging such threats. Perhaps the best argument against politics-for-oil deals, however, is that there is no way to enforce them. As economist M. A. Adelman of the Massachusetts Institute of Technology has observed:

> We should give [the Saudis] nothing in return for producing the quantity of oil which suits their interests to produce, because they will produce it anyway. Any promise they make of more supply or steady supply is, as the lawyers say, void for vagueness. Worse yet, there is no way of enforcing it.
>
> Agreements are enforced by competition or by law, or both. If somebody breaks his word, people have no more to do with him. He's out of business. But there is no competition in world oil today. A judge can tell the promise-breaker to pay up, to go to jail, or have his bank account seized, but there is no law against the sovereign state.[35]

It bears re-emphasis: Oil is not a weapon in the hands of a rational oil regime.

If, on the other hand, the rulers of the Arab oil states begin acting irrationally – making punitive production cuts, throwing money down the drain, ruining their own economies, and so forth – that is all the more reason not to seek a politics-for-oil deal with them.

If an oil state decides that it wants, in effect, to blow its brains out all over the oil-importing world, it can do so.

35. Edward J. Mitchell, ed., *Seminar on Energy Policy: The Carter Proposals*, (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979), p. 15 (statement of Professor Adelman). In this connection, it is worthwhile noting what the Atlantic Richfield Company wrote to Senator Church in response to an inquiry regarding the negotiation of oil supply agreements with certain oil states: "The history of agreements with the Middle Eastern oil producing countries has been one of continued violation whenever it is in the interests of the supplying signatory. On the other hand, our tradition has made us reluctant to violate business agreements simply because they have been less favorable to us. Long-term agreements at current high prices, would likely be honored longer after they became onerous to the U.S. than after they became unsatisfactory to producing countries." MNC Hearings, *op. cit.*, Part 9, June 6, 1974, p. 145.

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Ayatollah Khomeini did it with Iran, whose economy, since Iranian oil production dropped from around 5.0 mbd to around 0.5 mbd, is in ruin. Oil in the hands of the Iranian Islamic Republic is an actual weapon, albeit one that cuts the wielder more deeply than the targets. That the irrationality of the Khomeini regime has led to the use of Iranian oil as a political weapon does not, however, militate in favor of maximizing U.S. political cooperation with the Ayatollah. Not to put too fine a point on it, political deals with such people are likely to prove disappointing and wasteful. If a regime is really capable of self-destructive fits of oil weaponeering, Americans must either live without it or act against it, but they should hardly put faith in political bargains with it.

Several years back, Mel Brooks wrote a movie in which a hunted outlaw fended off an advancing throng by grabbing himself at the throat, pointing a gun at his own head, and screaming something like, "If you come any closer, I'll shoot." The throng froze in stupefaction. It was hilarious. The world's similar reaction to Arab oil threats, however, is funny only to the Arabs.

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Marxism: The Apologetics of Power

K. R. MINOGUE

Has the time come when we should prepare the obituary of Marxism? Should it be dated 1848-1980? The details are arguable, but realities are emerging. The air is still full of Marxist noises, but on the other hand the Polish workers' strike might be taken as a finally decisive piece of evidence that nobody who has to *live* Marxism actually believes the stuff anymore. It survives only as a hobby among some intellectuals who inhabit the protected academic reservations of Europe and America.

It is appropriate that such a hypothetical last piece of the jigsaw of evidence should come from Poland, since it is one of the most powerful intelligences of that country, Leszek Kolakowski, who has spent the last decade trying to put the whole Marxist experience into perspective. He has succeeded triumphantly. We shall not see a more balanced account of the meaning of the whole experience in our lifetime. And unmistakably the pattern of his three volumes describes an organic life-cycle approaching the end of its days.[1]

The Founders discovers the roots of Marx's thought back in Neo-Platonic speculations about the salvation of man, takes us through Hegel and his successors, and puts the thought of Marx and Engels in its nineteenth century context. *The Golden Age* takes in the diffusion of European Marxism from the death of Marx to that of Lenin, a marvellous time of high moral ideals and utter intellectual seriousness in which Marxists "struggled" (for writing and speaking were always subsumed under the metaphor of struggle) without the embarrassment of responsibility for any Marxist regime. Many fascinating and little known figures, some of them Kolakowski's fellow Poles, appear in these pages. *The Breakdown* begins with some mordant and hilarious pages on cultural life in Soviet Russia, but also includes accounts of the men whose intellectuality dominates

1. Leszek Kolakowski, *Main Currents of Marxism*, (Oxford: Oxford University Press, 1978). In three volumes: I *The Founders.* II *The Golden Age.* III *The Breakdown.* Henceforth referred to simply as Kolakowski, with a Volume and page numbers.

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contemporary Marxist writing: Gramsci, Lukacs, Goldmann, Bloch and the Frankfurt School. Kolakowski describes this monumental work as a handbook, but it is much more than that, and issues in a decisive conclusion: "Marxism has been the greatest fantasy of our century."[2] In its dissolution, it has become little more than a vocabulary for the resentful. "The self-deification of mankind, to which Marxism gave philosophical expression . . . has revealed itself as the farcical aspect of human bondage."[3]

It is impossible to summarize a work of such masterful complexity, and it would be pointless to do so. All one can do is treat it like a vast achievement of intellectual sculpture: wander around it, indulge one's reflections, and contemplate, with some gloom, what it reveals about mankind in general and Western civilization in particular.

The first question one may ask is this: Was Marxism one of those giant leaps by which a civilization throws off the husk of a now restrictive past and leaps creatively into the future? Or was it the horrible and valueless bewitchment in which a civilization that had flown too high succumbed to a giddiness and loss of bearings which might appropriately punish its excessive ambition? No doubt any questions along these lines are too high-flown to yield the truth of the matter, but their very grandiosity at least gets the scale of events right. Such questions are also appropriate because they are the terms in which Marx himself saw the matter. Marxism has often been compared with Christianity as a world-historical phenomenon, and Marx in dealing with the first question certainly thought that he had come to save Western civilization, not to bury it. Kolakowski's judgment is that he was wrong. I think so too, and I propose to use this book to explain why.

The oddity of Marxism has always been its unstable combination of morally earnest intellectuals busy explaining why capitalism must collapse on the one hand, and highly purposeful power-seekers explaining that you can't make an omelette without breaking eggs on the other. The combination is unstable because the moment any of these people come even remotely close to power, the analysts are firmly boxed away and the egg-

2. Kolakowski, III, p. 522.
3. Kolakowski, III, p. 530.

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breakers take over the movement. They take it over to such determined purpose, indeed, that what begins as a youth movement ends up being presided over by crumbling old men whom nothing will remove from power except a bullet or the palsy. Fidel Castro is, after twenty years, set fair for another twenty. The senescent Mao paralyzed the energies of almost a thousand million people for over a decade. Even as I write these words, the ailing seventy-six year old Kosygin has just been replaced by no one so appropriate as a sprightly seventy-five year old *apparatchik* called Nicolai Tikhonov. For a movement whose rhetoric is full of talk about progress, hope, and the future, this is a pretty strange way of carrying on. There isn't much that could make one feel that a 1980 presidential choice between Jimmy Carter and Ronald Reagan was a hopeful adventure; but the geriatric character of Communist politics can almost do it.

The serious point about this, however, is the unmistakable clue it gives to the fact that Marxism is essentially about power. It is a social malady in which the plurality of forms of power found in capitalist societies are to be replaced by a single, calculable, bureaucratic power system that can be worked according to known rules by people with a taste for that kind of thing. Yet, in stark contrast, Marxism among educated people is thought to be an intellectual entity, one of the contending schools of thought by which we understand ourselves and orient ourselves in the modern world. Hence the idea that Marxism is merely a set of pretty implausible ideas cobbled together by people whose primary interest is in power looks like a failure to recognize the intellectual complexity of *Kapital* and other highly sophisticated works by Marx and Engels, not to mention the conspicuous intellectuality of many of their successors, often men of considerable ability who spent their entire lives working in an impeccably academic way. Perhaps. Still, there do exist intellectual constellations of such baffling – often deliberately baffling – complexity that only a brutal simplification followed through with an eye on what it can tell us, can achieve an understanding of what they are about. Let us look at Marxism in this way and see what it can tell us.

An Ideology Without Answers

Marxism is a remarkably stupid doctrine, where the word

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"stupid" is meant to be not only intellectually offensive, but also to indicate a refusal to ask obvious and important questions. This is a difficult criterion to apply, because what's obvious to some isn't obvious to others. It is also one we shall, in time, modify. But we may begin by observing that anyone with the slightest grasp of philosophy who reads, say, *The German Ideology* of 1846, will experience some feeling of puzzlement. Over a stretch of six hundred seemingly interminable pages, Marx and Engels abuse their former friends and associates and assert a very simple commonplace doctrine which, in one of its many formulations, runs as follows: "The phantoms formed in the brains of men are also, necessarily, sublimates of their material life-process, which is empirically verifiable and bound to material premises."[4]

Now the thing here called a "material life-process" and elsewhere a "real life-process" is swallowed as straight as a raw oyster. It means peasants out toiling in the fields and chaps in factories dealing with nuts and bolts. Utterly unproblematic, as the pompous jargon has it. But at no stage in the book do Marx and Engels attempt to explain how they escape cognitive phantomhood. It isn't that Marx was unaware of this kind of problem, for he used exactly the same charge that I am now making against him in *his* criticism of the *philosophes* of the French Enlightenment. Nor is it that he didn't have time or subsequent opportunity. He had nearly forty more years to live, and the amount of paper he covered in that time would stretch from here to Utopia. In the idiom of a familiar type of intellectually obsessed man, he spent decades in the British Museum creating all sorts of intricate convolutions around the science of economics of his day; and yet this student of Hegel was content to dissolve all the problems of philosophy by a blunt commonsense assertion that we all know what the real world is, and that men's thoughts are governed by it.

It may be that the mention of Hegel is the clue to this curious behavior, and that having spent some years imprisoned (as he may have felt it) in the world of Hegelian abstractions he mistook his re-entry into the world of common sense as a revelation sufficient to guarantee its own truth. There are indeed certain sorts of grotesque intellectual distortions such that a man who

4. Marx and Engels, *Collected Works*, Volume V, 1976, p. 36.

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stands upright once more imagines the obvious to be a marvelous discovery. The English realist philosopher G. E. Moore once held up his hand as he addressed a Cambridge audience and declared his rejection of idealism on the ground that he felt more confident of the reality given him by his senses than he did of the skeptical arguments of the philosophers. Marx's work may well be seen as an instance of one of these bizarre comedies of the intellect, but there must be more to it than that. A mere discoverer of common sense might well declare himself a materialist, an atheist, a realist and much else; if philosophically inclined, he might advance reasons for these beliefs. Marx didn't. All he did was to abuse error.

Instead, he went off in another direction. He declared these questions to be ones that ought not to be asked. Again, even in taking this further step, he was not entirely alone. It is an important aspect of positivism, for example, that it declares a whole range of questions unaskable on the grounds that the answers could not be verified and thus could only amount to what was called, in a somewhat technical sense, "nonsense." Just such a bracing clean sweep of the china shop of metaphysics was taken by the youthful A. J. Ayer in *Language Truth and Logic.* But again, the intrepid Marx was capable of going even further than this. It was not merely that such questions could not be asked, but that only a person of a rather peculiarly twisted kind of mind – one drugged on class-induced opiates – could even think of asking them. The luminous understanding of real species-men engaged in the *praxis* of social production would not be bothered by such perplexities. In Britain, politicians who believed that Britain should ignore the Empire and Europe used to be called "Little Englanders." Marx was a Little This-Worlder of a highly aggressive kind. This bias of the mind is honestly revealed in the early works, and is concealed – with some degree of deliberate cunning, I suspect – in later writings. In writing of the Jews, Marx says:

> An organization of society that abolished the presuppositions of haggling and thus its possibility, would have made the Jew impossible. His religious consciousness would dissolve like an insipid vapour into the real live air of society.[5]

5. On the Jewish question, *Collected Works,* 3, p. 170. Marx is here identifying the Jew with commercial activity, which gives these remarks a still greater range.

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And what goes for religion also goes for most of the questions of philosophy. They find their solution — or as a philosopher would say, their evasion — in praxis.

Kolakowski remarks of Lenin (who both chronologically and spiritually scrapes into *The Golden Age* by the skin of his teeth) that "Whatever question Lenin was concerned with at any time, all that interested him was whether it was good or bad for the revolution . . . ."[6] This is quite explicitly — blatantly, notoriously, as the Communists themselves would often say — all you need to know about Communists: their end is revolution, and *everything* is judged in terms of nothing else. But we often fail to project this principle back as far as Marx, because it was his misfortune to have to spend his life creating the intellectual materials of a revolution, without getting anywhere near the green pasture of power himself. Lewis Feuer has compared the ideologist to Moses seeking the promised land, and the unfortunate Marx shared the Mosaic fate of merely glimpsing it from afar. In spite of the genuine intellectuality of the early works, Marx's mind is clearly monopolized by projects of world transformation from a very early point, and I suggest that this gives us the clue to his essential indifference to philosophy, and to his ferocious insistence on the illusoriness of religion. For on this much explored question, Marx took over the hallowed opinion that the religious are less likely to kick against the pricks. Religion, as the opium of the people, puts little things like debt, poverty, and bereavement in their place.[7] From this doctrine, which can be traced back far into the ancient world, a rather different implication can be drawn: If it is his purpose to mobilize the discontents and resentments of people, then what an intellectual must do is focus their attention upon immediate grievances, and use all possible intellectual resources to cut people off from such distracting things as speculations about religious or metaphysical questions. The science of revolution must be a science of directing the mind to this-worldly matters. Indeed, it must focus not merely on this-worldly things, but on those particular features of our con-

6. Kolakowski, II, pp. 514-5.

7. Some religions, of course, are superb transforming instruments which snap their fingers at power, authority, and armies; but Marx simply believed that religion turned men into sheep.

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dition (like debt and poverty) which a revolution might be imagined to change, rather than those other features (such as death or unrequited love) which might even continue after the revolution.

Exaltation of History

This point opens up to us a second aspect of the stupidity of Marxism. For while we do not know much about what the life of man under communism will be, we do know that it will be remarkably banal. The miserable individualist of capitalism does at least have his grandeurs as well as his miseries, and heroism, romance, and the moral life constitute intellectually fascinating bits of the superstructure. But species-man appears to be an organism equipped with needs, whose life will consist merely in a succession of satisfaction. Lenin, again, is a marvelous touchstone of the subtlety and range of communist ethical thought:

> We say that our morality is entirely subordinated to the interests of the proletariat's class struggle . . . Morality is what serves to destroy the old exploiting society and to unite all the working people around the proletariat, which is building up a new society . . . To a Communist all morality lies in this united discipline and conscious mass struggle against the exploiters. We do not believe in an eternal morality, and we expose the falseness of all fables about morality.[8]

What Marx called "the idiocy of rural life" is a paradigm of Jamesian subtlety compared with this. That Lenin could bewitch a Komsomol Congress in 1920 with this kind of dim-witted monomania is perhaps explicable in terms of the hysterics of civil war. What is much more difficult to understand is how moderately sensible and at least semi-educated people of some moral seriousness in European countries could have found it interesting, much less taken it seriously, under other circumstances.

Still, if we follow our Ariadne's thread that power lies at the heart of it all, we shall once more find the problem less unmanageable. For ever since the seventeenth century, it has been a standing feature of Western science that intellectual power comes from narrowed preoccupations. The very beginnings of modern science were only made possible by throwing over-

8. Kolakowski, II, p. 515-6.

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board Aristotelian final causes and other inscrutable matters; and the banishing of values in the modern world is an instance of the same strategy of power through simplification. The Marxist theory of man and culture brings this strategy to a point where the ship of inquiry is not merely lightened but virtually scuttled. The most economical way of making this point is by the use of metaphor. Marx explained, in effect, (following writers going back through Destutt de Tracy to Condillac and Bacon) that society was like the merry-go-round in a circus fairground. The music played and the pretty colored horses of thought went round and round, bobbing up and down, but it was all really done by the machinery under the floor, and hence nothing could ever escape the tightly bolted constrictions of the whole apparatus. The wooden horses would go bobbing up and down forever, but they could never break free and gallop away. Now you can't have a science of the movement of real horses galloping all over in unpredictable directions; and what Marx had done was to persuade his followers that the horses weren't real horses (and the thoughts not real thoughts exploring reality but merely shadowy epiphenomena) and therefore that they could be simply explained. Thus was social science assimilated to natural science by a brutal act of make-believe.

This is in fact no more than a fairy tale to frighten children. It arises from the conversion of a valid type of historical generalization into an invalid impossibility theorem of a sociological kind. If we look at the people of any previous epoch — Europe in the eighteenth century, for example — we shall see evident unities raising from language and period. Since they are in constant relations with each other, men of that time will influence each other, and no doubt there are many things they will not imagine, and even some things (like the quantum theory) which they cannot imagine because the intellectual preconditions for such ratiocination do not exist. On this basis, it is sometimes possible for historians usefully to impose upon such a passage of past events, labels describing its cultural unity: classical, baroque, Enlightened, and so on. Even this activity is pretty perilous, since it always depends upon highly selective attention, and there are always many other very different kinds of things — Pietism, a fascination with magic and suchlike — going on at the same time. Now the theory of ideology advanced by Marx involved injecting this historical

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understanding with a heavy dose of necessity, for which there is no evidence at all. That the people of such and such an epoch did not think other thoughts is taken to be *necessarily* true: it was impossible they should think anything else except what they did think; and the thoughts they did think were necessarily the ones they had to think. History, of course, merely tells us what happened, and it cannot ever tell us what *must* have happened. The invalid projection of this already distorted account of history onto the present leads us to the theory of ideology by which our thoughts are determined by our class, and our class by our location amidst "the relations of production"; and the only other thoughts we can think (so Marxism would have it) consist in the truths of Marxism itself.

The real situation is that we can think anything we like, and the simplest way of dealing with the theory is to observe that the only evidence that could possibly confirm it – namely, an idea that we in the twentieth century *cannot* think – would, of course, simultaneously refute the theory by being an idea we were in the process of entertaining. Nor does it make any difference if we switch the issue from what we *think* to the different issue of what we may *agree* with. Everyone knows that there are stockbroker socialists and shop-floor conservatives. What is more interesting is the vast plurality of competing and changing ideas which are entertained by all sorts of people in a modern society. No one has ever managed to produce a science which would show this intellectual ferment to be governed by any kind of sociological law. From the rhetorical theory that how you live influences your thought (which goes back to Aristotle and beyond) to the Marxist theory of ideology is a leap for which there is no evidence at all.

Still, the theory is attractive to intellectuals because it promises them the opportunity of gaining theoretical control over the most ambitious of all objects: the mind of man – however noble in reason and infinite in faculties – has indeed become Hamlet's quintessence of dust. The theory promises, but can never fulfill, a science of thought.

Men are thus born free, but are everywhere imagined by Marxists to be in chains. How has this wild misunderstanding, which a moment's serious reflection would dissipate, come about? I think it can be easily explained. Marx said the problem was to change the world rather than interpret it. What he meant here was obviously not mere change, for the world is changing

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every moment, but rather transformation according to a plan or scheme. Now the world cannot be transformed according to a plan or scheme because it consists of large numbers of human beings who all have different plans, characters, schemes, antipathies, enthusiasms and also very different attention spans. They are flightly creatures constantly in motion and extremely resistant to the yoke, even when it is presented to them as if it were a set of golden wings. Why indeed should they not be? They were not born to be the inhabitants of the fantasies entertained by the Marxes, Lenins, Maos, and Pol Pots of the world.

The Stumbling-Block of Nature

This, then, is the real limitation upon transforming humanity: the intractability of other people. (As Sartre said in another connection: Hell is other people.) And it only becomes a limitation if understood in terms of a passion to get something done. Seen in terms of other passions, we may well see this feature of human beings as part of the fascination of the human pageant: What a piece of work is man, we should say, with Hamlet. What we get from other human beings in everyday life is usually a mixture of exhilaration and frustration. Marx seems to have been dominated by an urge to transform the human condition, and hence his dominant emotion must have been the frustration of a disappointed revolutionary. It is thus understandable that he should construe the world as if it were a prison, which is described and characterized in the theory of capitalism. Now the image of the human condition as a prison constitutes one of the great religious traditions of both East and West. And the idea of society as a prison was extensively current in Marx's own time – Charles Dicken's novel *Little Dorrit* is a famous exploration of the theme. But in Marx the emotional power of this image is exploited under the guise of a supposedly scientific theory of the social determination of thought.

Seen from this point of view, Marx appears as indeed the Prometheus he so much admired. He is preoccupied with a power of such magnitude as to be beyond the dreams even of a Faust. The dream envisages the very human beings who each and every day contradict and frustrate us being, as it were, magically transformed into a plastic and fluid medium, utterly responsive to the will of the dreamer. No emperor in his palace can ever have dreamed, much less attempted to implement,

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such a project; and yet, perfumed with a little nineteenth century intellectuality, this project could even be made to look like the highest realism. If one grasps the immensity and the boldness of the project, one will not be surprised at the enthusiasm with which it has been taken up by the intellectuals who were its chosen instruments, or even at the nonsense those intellectuals would be prepared to swallow in exchange for the delights it promised them.

For what Marx did was to turn the old Orphic picture of the human condition as a prison (from which escape came only in death or in Bacchic frenzies) into a technological problem which, once solved by the machinery of revolution, will give the release of freedom permanently to all. The real intractability of human beings in their resistance to projects of transformation has been transposed into the fake intractability of the theory of ideology. What looks at first sight as (and has always been marketed as) a piece of sober realism, by contrast with the revolutionary voluntarism of a Blanqui, conceals in fact the most daring and Utopian of leaps. Further, once the leap has been made, this very misconception of the difficulties of human transformation becomes a superb instrument for mobilizing every vague discontent and frustration to a single purpose. All discontents can be theoretically knitted together into the fundamental proposition that *every* evil is part of the same system, and therefore that the only solution to any single evil is the one great solution to every evil: the revolutionary destruction of the prison. The uneven grain of human timber – from which Immanuel Kant has remarked that nothing straight would ever be made – has rotted into a mere matter of bad thoughts caused by a system that is slowly breaking down.

The intellectually inclined are thus presented with the task of exploring the bad thoughts, while the egg-breakers can conspire away on the necessary business of revolution. As with all projects conceived under capitalism, there's a little something for everyone.

The Confidence Game

There are two striking features of this intricate piece of intellectual machinery which haven't always been given the attention they deserve. The first is that Marx never presents the theory except by means of hints that emerge in connection with a pathology. Marx is a cognitive pathologist who never turns his

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attention to the science of epistemology, and he has left generations of followers helplessly threshing about in the fields of ideology and the sociology of knowledge trying to set up the theory which Marx never properly disclosed. It is, of course, a hopeless task since, as we have seen, the initial premises about our intellectual imprisonment are not true. And that is why the theory of ideology is a flame to ideological moths. They cannot keep away from it, yet it destroys them.

The second aspect of this intellectual machinery is its suitability for browbeating the gullible in a manner that resembles nothing so much as a confidence game. Ignoring the question of how Marxism manages to validate itself as the one true doctrine lurking amidst all the other phantoms of the brain and echoes of the life process, we may observe that it presents the puzzled seeker after truth and salvation with the logical fork: Either you agree with what I am telling you, or you must admit yourself to be nothing else but a victim of bourgeois ideology. In time, of course, the forms of error expanded way beyond mere bourgeois ideology and took in everything from revisionism to capitalist roading, but the mode of intellectual intimidation remains the same. The sheer *chutzpah* with which this technique is used by Marxist thinkers can at times take one's breath away. How, one wonders, can Louis Althusser have addressed the French Society of Philosophy in the following terms without arousing uncontrollable mirth:

> Philosophy teachers are teachers, i.e. intellectuals employed in a given education system and subject to that system, performing, as a mass, the social function of inculcating the "values of the ruling ideology." . . . Philosophers are intellectuals and therefore petty bourgeois, subject as a mass to bourgeois and petty-bourgeois ideology . . . This situation, shared by those petty-bourgeois intellectuals, the philosophy teachers, and by the philosophy they teach or reproduce in their own individual form, does not mean that it is impossible for certain intellectuals to escape the constraints that dominate the mass of intellectuals, and, if philosophers, to adhere to a materialist philosophy and a revolutionary theory.[9]

So: if you don't agree with me, you're a dumb brainwashed bourgeois. There is, at times in Althusser's work, an evident irony and contempt for his audience, and one can only hope it

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was present here. But no doubt there are a few simpletons who think that these considerations constitute a *reason* for espousing dialectical materialism.

The notion of a confidence game, like the notion of stupidity, seems at first sight to be merely a graceless piece of abuse, yet there is a case for persevering with such characterizations because of the light they may actually cast on the structure of the theory. For if we begin with the fact that Marx thought that the industrial Europe of his time was both an irresistible storehouse of power, and also a miserable and unjust world (propositions of evident plausibility), then what he had to offer in the first place was a proposal for a better society. Let us leave aside for the moment the fact that he entangled the proposal with a prediction that this better society was actually coming about. The question then becomes, why did he not advocate the proposal and create a movement of moral regeneration within Western Society? Christianity had in its time demanded moral regeneration of its followers; and in another mode, men like Robert Owen, not to mention the founders of communes in the nineteenth century, had begun to put similar proposals into action. Marx rejected these possibilities with the emotion that accompanied all his rejections: contempt. He did not found a moral movement, and no sensible man has ever gone into the Communist Party out of the belief that it was made up of moral paragons.

Corruptions of Power

Now there is evidently something pretty suspicious about someone who says: I can solve all your problems (not just some of them) but I' m afraid you'll have to put yourself totally and irrevocably in my power — nothing less will do. A proposal cast in terms like this is unmistakably that of the sort of crook who'd never give a sucker an even break. Yet what else does the Marxist theory of revolution amount to? We are told nothing much about the future condition. Such questions are brushed aside with the usual ration of contempt as questions that would only be asked by someone of a utopian mentality. Sufficient

9. The lecture was called "Lenin and Philosophy" and the words come from an appendix to the lecture. See *Lenin and Philosophy and Other Essays* (London: New Left Books, 1971), pp. 67-68.

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unto the day will the revolution be. And if the questioner persists, Marxists bring up the second-line artillery of abusive phrases about not being a vulgar or a mechanical Marxist – good terminology for bewitching simple people into having faith in subtleties that aren't there. And my argument that Marxism is, at bottom, a confidence game played by a collection of homicidal maniacs is supported by the evidence of the politics of the last hundred years. Every sophisticated democratic electorate that has ever had the opportunity to vote on the matter has shared my opinion. Given what democratic electorates *have* supported, that may not appear to be a strong card; yet we ought to remember that neither Hitler on the one hand, nor Allende on the other, ever got anywhere near a democratic majority of votes. The other piece of evidence is, of course, what has happened when, by force or fraud, communists *have* managed to get themselves into power. They have not exactly behaved like gentlemen: they have clung to power, and they have never taken the slightest risk that the miserable populations their tricks had enslaved should ever again have the chance of changing their minds. Hence the geriatrics in the Politburos around the world.

We often charitably think that these consequences are the result of modern corruption, bad Russian traditions, or something called "Stalinism." What I am arguing is that right from the beginning, Marxism has the look of a confidence game, and many of those arguments that once seemed like pieces of penetrating realism (for instance, the one about how one cannot predict the future but must allow revolutionary forms to emerge – an argument which once seemed to me the quintessence of realistic wisdom) are not only wildly implausible, but fit together with suspicious neatness into a pattern of fraudulence.

It is noteworthy, for example, that almost everything that counts as realism (by contrast with idealism or utopianism) in Marx's work constitutes a reason for individuals' not having to do anything except write, talk, and conspire. Helping one's fellow men by way of philanthropy is merely propping up the evil system. No doubt the soup peddled by those *grandes dames* trotting off to console some feverish agricultural laborer must have been in the worst traditions of British condesension. Nevertheless, they did actually do something about the poor. (In fact, much of the hospital and asylum equipment throughout Europe and America even today is the result of that sort

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of private philanthropy.) The socialist, by contrast, is hopelessly uncreative. His cry is not moral regeneration; it is, rather: tax me, nationalize me, mobilize me, and create a caring society. The marvelous clean sweep of any moral interest in all Marxist (and many other kinds of socialist) thought clears the decks from all distraction from the fundamental business which brings this motley gang together, which is, I repeat, an addiction to talking and grabbing power. Even those socialists who reject the bureaucratic passivity of actual communist countries go only one stage further: they want participation, which amounts to vast committee meetings where people make their own decisions (as the perfumed phrases have it) about the conditions that affect their lives. In other words, one more arena of power. No wonder communism has turned out to be a spectacularly uncreative movement.

Marx as Pamphleteer

Marx's silences, however, are the most striking piece of evidence about the real nature of Marx's thought. And to point to these silences is once more to take up what I have earlier described as the stupidity of Marxism. But Marx himself can hardly be described as stupid, and I have already noted one case in which Marx was aware of a common type of philosophical problem — that in which a speaker illogically exempts himself from the universal proposition he is uttering — and yet did not take seriously the problem in his own case. The conclusion I draw is that Marx was in fact much closer in character to Lenin than we commonly think, and that he wrote in a political rather than a philosophical manner. The British Labor member of parliament Bryan Magee, himself a philosopher and the author, among other books, of one on Karl Popper, once wrote[10] an excellent account of political discourse in which he said a number of things which may cast light on this problem. Of course, he argued:

> an honest politician will say only what he believes. But in doing so he will also avoid saying things which, however true or satisfying, are likely to have consequences which conflict with his aims. This use of language and silence as practical instruments is susceptible to great sophistication and subtlety . . . the layman who understands the ostensible

10. *Times*, April 30, 1975.

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content of the speeches perfectly well may have nothing to indicate to him that he is missing their real point.

To read Marx's writing in this way, as a form of political utterance (especially in its later phases) seems to me to make more sense than anything else. Thus on the question of ideology, we sometimes get a good clear doctrine to the effect that "It is not the consciousness of men that determines their being, but on the contrary, their social being that determines their consciousness"; and at other times Marx writes as if this did not apply, and certainly not to himself. Sycophantic intellectuals go into dithyrambs about Marx's dialectical subtlety and get out every bludgeon in their poverty-stricken language to repel any Candide who might wonder whether Marx was simply being inconsistent: they say he is being mechanical, crude, vulgar, and undialectical. But in fact inconsistent is just what Marx often is, and being an intelligent man of philosophical training, one would expect him to take some care, in the working out of his position, to bring out, discuss frankly, and deal with these problems which constantly turn up in what he wrote. He never does so, and if pressed bluffs it out with abuse. Certainly in many of his more lucid and early writings, he is a politician. The point about the *Communist Manifesto* is that here we have two brash young men in their twenties trying to bluff the world into thinking that communism was important — the spectre haunting Europe — when it was marginal, and then going on to pontificate about the essence of history. No danger of false humility here, and what is worse, no sense of play with ideas. Merely a hot gospel with up-market intellectual trimmings. It seems clear enough that the key to understanding Marx is that, just like Lenin, his one criterion of what is to be said, done, and approved derives from the impulse to power.

To what extent his more attractive and intellectual followers thought in this way is a question whose answer will vary. During Kolakowski's *Golden Age*, we find, for example, Rosa Luxemburg, a good Jewish girl worthy of a better fate, spending her days elaborating the famous formula C+V+S so as to demonstrate something she imagined as the inevitable end of capitalism. As with all this ratiocination, something possibly interesting — the idea that what she calls, in the manner of her sect, "capital-

11. Preface to *The Critique of Political Economy.*

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ism" depends for its viability upon some non-capitalist elements – hides among these cabalistic scribblings. The decor is that of modern science, the reality that of a sorcerer peering into frogs' entrails and unmentionable kinds of sperm.

Rosa Luxemburg counts as one of the more attractive[12] characters in Kolakowski's cast because she worried about the possibility that the party would turn itself into a bureaucratic incubus on the proletarian movement. So too on occasion did Antonio Gramsci, the morally attractive hunchback who languished for years in Mussolini's jails and kept his mind occupied by meditating upon the problems of Marxist theory. His celebrated contribution to Marxist theory is the idea of the hegemony a class's ideas must exercise over the society in which they live. He is, in other words, one of those followers of Marx who broke their heads trying to make some sense out of the doctrine of ideology, which, I have argued, is a distorted version of the real problem of human intractability. The word "hegemony" simply represents a new burying of the same problems under an unfamiliar word, since it cannot disguise the evident fact that every field of intellectual endeavor in the twentieth century is riven with controversies most of which have nothing to do with the dichotomy of socialism/capitalism or status quo/revolution. It merely imports the vulgarities of the whole idea that life is "struggle" into the sphere of ideas. Gramsci in fact appears to be exactly like Lenin, and (as we have argued) like Marx, in that he can dredge up an interest in nothing at all unless it is yoked to the idea of the class struggle, the only animating notion of which his mind is capable. Consider how he formulated the problem that the Party might misbehave after the revolution:

> A party's police function . . . is regressive when it aims at restraining the living forces of history and maintaining an outdated, anti-historical legality that has become a mere empty shell . . . when it functions "bureaucratically."[13]

It is those "living forces of history" that stand out even from the rest of the sloganizing in passages like this. Gramsci spent

12. One may note, *en passant*, that morally attractive communists are usually those who spent their lives dreaming of omelettes without ever having had the opportunity of cracking an egg.

13. Kolakowski, III, p. 248.

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only a little time at university, and can hardly be counted an educated man, but even so it remains mysterious how he can take what might just possibly be construed as the statement of a problem – for what *are* "the living forces of history" – as if it were a solution to the practical problem of how the party ought to behave. The irony of this sort of remark is that Mussolini, whom Gramsci no doubt regarded as one of the dying forces of history, also tended to talk exactly the same kind of vitalistic nonsense, and got puffed up with chauvinistic pride at the thought that Britain, France, and the other liberal-democracies were the dying forces of history, while Nazi Germany and Fascist Italy were the vital living spark of the future. As we know, Mussolini was toppled from power not by any of these metaphysical forces but by the armies of those dying democracies. Whether the Italian Communist Party is still a "living force" is no doubt good for many happy hours of futile discussion at party congresses. The explanation of all this pretentious tedium is, of course, that all of these people (Gramsci and Mussolini alike) had been reading a sight more Benedetto Croce than was good for their tiny minds, and their burblings are part of the dated political rhetoric of their time. But from an educated point of view, the question must irresistibly arise: Why should anyone except a historian have to take this kind of stuff seriously today? But they do. Alas they do. As Kolakowski comments in some remarks about the curious intellectual situation of the 1930s, in which vicious collectivist fanatics were at each other's throats: "Those who, like George Orwell, formed an idea of Communism in action from empirical facts instead of from doctrinaire assumptions met with hatred and indignation. Hypocrisy and self-delusion had become the permanent climate of the intellectual Left."[14] Since the fall of Stalin and the emergence of the New Left in the West, the charge of hypocrisy must fall away. But the self-delusion of those who have turned the idea of "criticism" into a battle cry, and yet whose arguments block off all argument with mind-numbing phrases, remains a standing feature of Marxist thought.

A Function of Power

Marxism is, then, for the most part, the slogans that conceal

14. Kolakowski, III, p. 116.

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a trickster's spiel. Even these slogans have no real life of their own. They change according to the Party line. In the worst kind of case, this happens with the depressing abjectness of the Lysenko controversy; a little less absurd, but still full of horror is the treatment of philosophy, economics, and cosmology in Stalin's last years. These events provoke some of the blackest humor in Kolakowski's book. All over the world, dedicated communists, themselves in no danger of immediate retribution from the secret police, swallowed the flattery of Stalin, and defended dialectical materialism — a liturgical rather than a philosophical phenomenon — as the finest fruit of scientific achievement. Kolakowski has much grim amusement with Stalin's philosophical insights. "Kant, for instance, said it was impossible to know anything, but we Soviet people know lots of things, and so much for Kant."[15] Yet Marx, refuting idealism in a few remarks about the real life-process and the mode of production, is hardly much better than Stalin's peasant stupidities — or, as Kolakowski puts it, his "parvenu bureaucratic mentality." Even today, when the commonest Marxist evasion of some of its more obvious embarrassments is to deny that the Soviet Union is a proper Marxist state, the lure of power still renders some (though not of course all) Marxist intellectuals fundamentally loyal to this home of the siren doctrine, rather than to the states in which they actually practice their freedom.

What ultimately makes Kolakowski's view of modern Marxism as a "breakdown" completely convincing is the fact that Communist countries are economically disastrous and spiritually barren. Marxism chose from the beginning to be a movement of power — to make a revolution — rather than to be a movement of moral change, and it has paid, indeed we have all paid, a dreadful price in the destruction of creativity. The vast cultural resources of both Russia and China have been turned into the fading cosmetic of a system of power. Whatever its corruption and confusion, the West remains the only source of new ideas and the anchor of freedom, even in those very countries that deny it so fervently. The West is the place the refugees go to, and the central image of a prison in the *camera oscura* of communist theory appears in reality as the Berlin Wall, which is still after twenty years necessary to prevent Eastern communists

15. Kolakowski, III, p. 151.

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from fleeing to the horrors of capitalism. The final proof that power lies at the heart of communism is the fact that, in all the communist regimes of the world, power has turned out to be the last thing, the only thing, left.

We can thus answer one of the questions with which we began by saying that Communism constitutes a fundamental attack upon Western civilization, not a continuation of it, and if there is a criticism to be made of Kolakowski's three volumes, it is that his treatment of Marx's idea of individualism does not adequately bring out the fact that Marx's notion of a human being, while not that of a mere mechanical unit in a grand scheme, is nonetheless merely that of an organism enjoying the satisfaction of needs, and thus a world away from what it is to be a person in the West. Still, one salutary result of this prolonged attack must be – if we survive it – that we shall better understand what Western civilization has been about. But however much we learn, there will remain the mystery about how a doctrine so "stupid" or, to put it another way, so grossly political can have bewitched so many intelligent and serious Westerners. A movement that so persistently throws up maniacs like Stalin and Pol Pot has to be defective. In any other movement, such a series of mishaps might at least induce a salutary caution among its followers: "Bad luck, chaps. Another few million dead. Back to the drawing board and better luck next time." But no such exhibition of repentence is really open to the intelligent communist. For one thing, he usually disinfects such disasters with waffle about "bureaucratic excesses." For another, Marxism purports to be an analysis of the forces of history, and hence the very use of expressions like "Stalinism" and "the Gang of Four" – expressions referring to historical individuals rather than to abstractions – constitutes a refuting admission that the system is wrong. If five individuals can cause such horrors, what is left of those forces of History, modes of production, class struggles, and the other mantras of the movement? The poet Roy Campbell once wrote of some South-African novelists:

They use the snaffle and the curb, all right,
But where's the bloody horse?

In the same spirit, we may say : They know how to break the eggs all right. But where's the bloody omelette?

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Poland's Proletarian Revolution

ROBERT STRAUSZ-HUPÉ

The Workers' Revolt in Poland should have shattered whatever is left of the image of communism as the harbinger of the proletarian paradise. This seems a reasonable assumption – if events were to speak louder than the gibberish of Marxist-Leninist propaganda. On the face of it, the communist parties of Western Europe and their allies among the West's intelligentsia should now be stricken by a terminal ideological crisis, and go out of business. Yet, as the Hungarian and the Czechoslovakian experiences (as well as the less massive, though not less searing, confrontations between communist repression and popular resistance) should have taught us, these failures of communism as a socio-economic system have hardly made a dent in communism as a system of political rule. Nor have they visibly damaged the enormous engine of Soviet power that slowly, but inexorably, pushes its way into various corners of the globe that the West has thought safely beyond the reach of Soviet domination and influence.

Soviet communism has lived with the dialectic of resistance and repression ever since its sanguinary beginnings. Indeed, the Soviet state is quintessentially a system of repression: the most elaborate, all-encompassing and foolproof in history. Its ways of dealing with a recalcitrant populace at home and in conquered lands could never be kept quite secret from foreign publics. That it has not alienated every sane and sensitive observer abroad: this is the greatest enigma of this century. It is the premise of this article, stated here as axiomatic and requiring no further proof, that whatever we can learn from recent events in Poland will not help us to crack that enigma. Too many brains have been washed; too many hearts have been chilled by the intimation of coercion by brute force. If past Western responses to Soviet behavior are portents of things to come, then we must not expect Poland's audacity, alone and unassisted, to shake the West from its illusions and apathy – and to arrest the Soviet drive for the Finlandization of Europe. Yet, notwithstanding this depressing prospect, some lessons from the Polish

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example might accrue to the benefit of our policymakers, for they shed new light upon the strengths and the weaknesses of the Soviet Empire and, if our policymakers are willing, might help us to conceive new approaches toward the overarching goal of Western statecraft: namely, the temporary containment and ultimate defeat of Soviet imperialism.

Poland is the most populous among the East European countries under Soviet rule. It is also strategically the most important among the Warsaw Pact allies of the Soviet Union, for its territory lies athwart the lines of communications between the Soviet base and the forward positions in Central Europe of the Soviet forces deployed against NATO.

Strategic location has been the bane of Poland all throughout her history. Geographically, Poland is a land of passage — like the Lowlands and the Levant between the Taurus range and the Nile valley. The lot of such lands of passage has always been a tragic one: only for brief moments in their respective histories were they able to develop power of their own, sufficient to keep their enemies at bay and to play an independent role in the political and military transactions of their times. For hundreds of years, Poland had the misfortune of being the contested ground upon which the Teutonic peoples warred upon the Slavic peoples and the armies of the great European powers fought their battles for the domination of the Continent.

After World War I, Poland achieved national independence under her own leaders and defended herself successfully against Soviet aggression. In 1939, Polish independence was again crushed by the invading forces of Hitler's Germany and Stalin's Russia, acting in concert and, as they must have known, precipitating World War II. The aggressors divided up the lands of their victim, the fourth partition of Poland in 150 years. In World War II, the Soviet Union recaptured her ill gotten gains from Hitler, who had welched on the 1939 deal and incorporated all of Poland in his own short-lived empire. Stalin assigned Germany's eastern provinces, West Prussia, and Silesia to the Polish Socialist Republic, established against the feeble protests of his Western allies and occupied by his troops. These new possessions, emptied of their German-speaking inhabitants, were settled by Polish immigrants whom the Soviet Union had forcefully persuaded to exchange their ancestral acres for lands torn from Germany.

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We do well to keep in mind the genesis of Poland as now constituted. A large part of Poland's historical patrimony has been absorbed into the Soviet Union. Approximately one-third of present Poland, annexed from Germany, consists of territory that, in part, has been claimed by successive Polish regimes as indisputably Polish soil and, in part, has never been so claimed. The heartland extending from Warsaw to Krakow has guarded Poland's national and cultural identity even under the harshest foreign rule, and has been comparatively untouched by the displacement of populations enforced by the Soviet Union. Perhaps the latest fragmentation and reassembly of the country has not left as deep a mark on the present generation of Poles as so traumatic an experience might have impressed on a less resilient people. It should be noted, however, that the Workers' Revolt started in the Gdansk area and from there quickly leapt to Silesia (both regions only thirty years ago inhabited by predominantly German-speaking peoples), and only then spread to the industrial areas of Eastern Poland and Galicia. It is as if the mass movement of uprooted Polish peasants, who were launched by Stalin's fiat into these formerly German lands, has engendered in their sons and daughters a restlessness and drive akin to the frontier spirit of our own American tradition.

Economic Disaster

The Workers' Revolt has been sparked by chronic discontent with industrial wage rates and the availability of goods that industrial wages can buy. That discontent has been sharpened by the manifest disparity between the lifestyle of the working population and that of the bloated state bureaucracy, notably the officialdom of the state-controlled trade unions that are supposed to care for the workers' best interests and whose leaders enjoy all the perks and privileges of communism's ruling class (such as exclusive access to reserved markets, the use of official vehicles and low rentals for spacious living quarters). The Polish working man might have kept on tolerating the corruption, camouflaged by bureaucratic guile or indiscretely naked, of the party establishment, had the system provided a modest measure of general prosperity and, more important still, the prospect of a better future. Poland's economic recession – the consequence of the worldwide slackening of economic growth along with the aggravated malfunction of the

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Polish economic system – touched off the workers' wrath at the shrinkage of their share in the country's wealth, the exactions of a slothful bureaucracy and the blunders of the nation's economic management.

Poland's economy did well between 1970 and 1973 – better than that of the Soviet Union. Somewhat prematurely, some Western economic analysts hailed the "Polish miracle." The boom did not last. Between 1970 and 1973, wages for workers increased as much as 40 percent, but the choice of goods available on the licit market remained narrow and their quality poor. The ensuing inflation diminished the wage earners' real take. The government sought to counter the inflationary pressure on the cost of food by paying subsidies. This measure, though it temporarily stilled the dissatisfaction of industrial labor, imposed a heavy burden on the national economy – and this at the very time when the recession in the West hit Poland. In 1975, Poland's exports fell sharply. With consumer demands still running high, Poland increased its imports from the West. It financed these imports by recourse to loans from Western banks. For the last five years, Poland has staved off national bankruptcy by the grace of her Western creditors' forbearance. Her indebtedness is currently estimated at $17-18 billion, the largest among the individual debts to the West of the Soviet Union's partners in COMECON – second only to the Soviet Union's own, estimated at $50 billion. Today, Poland's credit worthiness is 56th out of 75 rated countries, and this rating does not take into account the sizable value of goods that Poland owes to the West under contract and has not yet delivered. Early in 1980, Poland let it be known officially that she needed $5 billion to service her debt and finance her current trade and on-going economic development. The Soviet Union has granted a loan of about $1 billion. For the rest, Poland looks to the West, with France and the German Federal Republic being the prime candidates.

The workers in the shipyards of Gdansk might have struck for higher wages and improvement of working conditions even if the nation's economy had not been less grievously affected by the West's recession. But Lech Walesa's ascendancy to the leadership of a nation-wide workers' movement, enjoying broad popular support, owes a great deal, if not everything, to the mounting dissatisfaction of all classes of Poles (the "ruling

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class" excepted) with their economic lot. Although the tide of the workers' movement has spilt into the precincts of state power, and the issue of trade union autonomy is fraught with grave implications for the survival of monolithic communist rule, the momentum of the movement has been generated by economic rather than political aspirations.

Polish Political Character

The Poles are – and have always been – the most intensely and proudly nationalist people of Eastern Europe. They had to be in order to guard their national identity against the ravages of several partitions and the demise, first in the eighteenth century and then again in this century, of independent statehood. The Roman Catholic Church has been, throughout centuries, the most enduring and venerable guardian of Poland's national conscience. It has always been a national church, a beacon of solace and hope shining above the commotions that have rolled over a star-crossed people. Its clergy – like that of Greece fighting for her independence against Turkey and, in the 1940s, against communist invasion – has militantly shared in the nation's struggle for survival. It has stood fast against the onslaughts of Russian imperialism launched under the dispensation, first, of Russia's Orthodoxy and, then, of Soviet atheism. It has not denied its compassionate sympathies with the workers' demands for improvement. However, it has not blessed the workers' movement, not to speak of actively supporting it as a vanguard in the struggle for liberation from Soviet domination. The enormous prestige of a Polish Pope may well shield Mr. Walesa and his band of rebels against those brutal retaliations that would have struck down like-minded protesters in, say, Czechoslovakia and East Germany. But this shield does not seem to extend to an outright confrontation between Lech Walesa's activists and the Polish state. Indeed, it appears from reports seeping out of Poland that the Catholic hierarchy has counselled prudence, and does not care to jeopardize the Church's precious gains in its relationship to the state – gains that accrue to the benefit of the Polish masses. In brief, though all Polish Catholics might rejoice in the daring of the workers' movement, not all Polish Catholics are likely to share all of its aspirations; and, more important still, ardently nationalist (and, therefore, anti-Russian) as most Poles might be,

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they do not necessarily identify the cause of national independence with the cause of organized workers in their quest for higher wages and a greater say in the management of their unions.

At the time of this writing it is far from clear how far the workers' movement has moved away from the popular ideological consensus, or how far that consensus may have moved closer to the manifestly decentralizing tendencies of the workers' challenge to communist orthodoxy. The evidence that has come to hand does not show the movement to have been motivated ideologically, let alone seeking explicitly to subvert the institutions of the communist state. Poland's communist party, as highly sensitive to the slightest symptom of deviationism as all other communist parties, has let it be known that it is a conspiracy of foreign saboteurs and a few "hooligans" at home that has sparked the workers' rising. Highly placed Soviet spokesmen, adverting to the statements of moral solidarity with the movement by some leading West European socialists, have endorsed this official explanation – the standard version of any communist government that has gotten into trouble with its long-suffering subjects. The communist regime in Poland, like every communist regime, has much to fear, for it is a tyranny kept in place by force. It need not fear ideological subversion. The Polish intelligentsia has been notably inconspicuous in the commotion spreading from Gdansk; apparently, Lech Walesa and his friends have not reached out for the support and guidance of dissident intellectuals. Theirs is a purebred grass roots movement: the hard hats against the apparatchiks – the entrenched ruling class of the communist state.

Implications of the Revolt

Recent events in Poland call for the West's watchful attention and, above all, dispassionate analysis. To presume that the communist regime in Poland is about to collapse and that, when it does, it will pull down communist rule in the rest of Europe, is wishful thinking. To believe that the Polish troubles will shake the communist regime in the Soviet Union is a rosy dream, dreamt by those among our Sovietologists who expect the Soviet threat to go away spontaneously, and hence see no need for the West to exert itself to bring about this happy ending.

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The fact that the Soviet-imposed communist regime in Poland has not been able to break the Polish people's national spirit has given the Soviet rulers good cause to worry about their hold on all of Eastern Europe and, thus, the cohesiveness of their empire. Their empire is multinational. Hence their task, a never-ending one, is to stamp out the spirit of national independence animating their subject peoples, and to replace the diversity of national loyalties with a common supra-national allegiance. Communist ideology is supposed to serve as the unifying force.

The Soviet rulers, the most astute despots in history, are unlikely to harbor the illusion that they have succeeded in this task. Their very effort to accomplish it has fostered the intense hostility of all Warsaw Pact peoples, except perhaps the Bulgarian. For them, as for their Czarist predecessors, Poland has always been the hardest nut to crack, for Polish nationalism, notwithstanding Poland's long conflicts with Germans, Swedes, and Austro-Hungarians, has been primordially anti-Russian. This has been a constant in the equation of Russian imperialism; it is that now. In the last resort, successive Russian rulers have coped with it by the use of force. It is highly probable, if not certain, that should a serious threat to the Soviets' domination of Poland arise, the Red Army will march to meet it.

The Soviet Union never tires of proclaiming the mission of its armed forces to be defensive. By the internal logic of the communist creed this is not complete sophistry: the primary task of the Soviet armed forces is to maintain communist regimes wherever they have been established, notwithstanding the fact that they were established by Soviet armed intervention in the first place. The feats of Soviet arms in suppressing the Hungarian rising, the Prague Spring, and the Afghan resistance to communist rule, as well as the supportive presence of Soviet forces in Cuba, betoken the fidelity of the Soviet armed forces to their "defensive" mandate. They must be expected to be true to it, should developments in Poland call for their service in the name of socialist order. Being far more heavily armed than the contingents of the lesser members of the Warsaw Pact, and enjoying the support of a massive and ubiquitous police-intelligence apparatus, controlled by Moscow, they need not reckon with any support that disaffected Warsaw Pact forces might render a Polish rising. Moreover, no love is lost between East Germany, residual heir of Lutheran Prussia, and Poland, now master of

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formerly Prussian lands. Thus, were the Polish-Russian relationship to be put to the test of force against force, the outlook for Polish liberation would be bleak indeed.

Can the West Respond

Bleak as this outlook might seem it does not provide an alibi for Western inaction, nor for that policy of ambiguity which has garbled the West's response to the imposition of Soviet rule in Poland in particular, and of Soviet hegemony over one-half of the European continent in general. To this day, the West has not made up its mind as to how it should play its East European card, or as to whether it has any card to play at all. The result of this indecision has been an odd mixture of policies, some dictated by humanitarian sentiments, some by political interest, and some by economic considerations, that take into account neither the human nor the political-strategic implications of East-West trade.

The stock arguments in favor of increased Western trade with communist countries, financed by easy credits, have been that: (1) it will help to raise these countries' average standard of living and, by increasing the demand for consumer goods, divert their energies from the production of military hardware to the civilian sector of the national economy; (2) it will, by increasing personal contacts between Western traders and technologists with their communist opposites and by introducing Western goods, "open up" communist society and, over time, weave a web of mutual interests that will moderate the adversary stance of communism; and (3) it is good business, and it does not matter with whom business is done as long as it is good, for exports profit the entrepreneur, create jobs and thus redound to the benefit of the national economy as a whole.

Thus far, none of these arguments has been proven wholly wrong nor have they been proven wholly right. In fact, they constitute a hypothesis about the effects of trade upon human behavior in general and the behavior of communist states, in particular. This hypothesis still awaits confirmation. On the basis of ample evidence, however, it seems that communist regimes do not engage in trade relationships that do not strengthen them. Whatever might be their concern for the welfare of their people, they should not be expected to pursue

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economic policies that run counter to their primary objective: to wit, political survival. Trade, facilitated by credits far easier than those available to Western traders in the domestic money market, might have had all kinds of results that lie in the best interests of Western peoples and of the peoples under communism. Yet, trade has also repeatedly bailed out the communist managers from the failures of their system – and allowed the communist rulers to put guns before butter, the system before the good life.

Recent events in Poland might serve as a timely occasion for re-examining some of the assumptions that underlie the West's economic policies toward the communist bloc. Is it possible to pursue the containment (if not the break-up) of the Soviet empire while helping to remedy the weaknesses of its own making? Are transfers of capital and technologies to communist states – in return for which the latter undertake to deliver goods twenty years later in settlement of debts annulled by the current rate of inflation – really in the West's best interest? These questions need to be answered before our statesmen react to the Workers' Revolt in Poland. Perhaps we can do nothing to turn the troubles that beset the communist regime in Poland to our own advantage. Certainly we should not continue to pursue politics that, however well-meant they might have been, have helped Poland's communist ruling class to weather one crisis after the other and, then, to rivet its hold on the Polish people.

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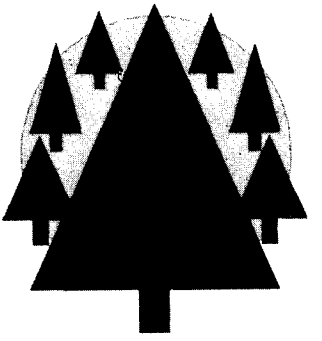
Earth Day Reconsidered

Edited by JOHN BADEN



Until the Spring of 1970, concern with natural resource and environmental policy was primarily restricted to a few economists, political scientists, sociologists, and several established interest groups. Although attention to environmental issues had grown in the Sixties, there was an explosion of interest associated with Earth Day, April 22, 1970. This concern with environmental quality and resource management clearly had the potential for fostering considerable improvements in net social welfare. Yet, the potential has not been recognized.

In *Earth Day Reconsidered,* Dr. John Baden uses the tenth anniversary of Earth Day to call for a reassessment of environmental policy. He argues that current policy is basically flawed, adopting extremely expensive mechanisms to buy increments in environmental quality.

Dr. Baden and his distinguished contributors present this book as a preliminary step in this reassessment. It is a book of advocacy. It advocates environmental quality, economic efficiency, and it especially advocates individual freedom. We can, Dr. Baden concludes, substantially improve upon our current attainments.

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Please send me_____copies of *Earth Day Reconsidered* at $4.00 each. (Please include 75¢ for postage and handling.) I want to find out what type of reassessment of our environmental policy should take place to improve the quality of our environment, our economic efficiency and our individual freedom.

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The Great Ecology Swindle

H. PETER METZGER and RICHARD A. WESTFALL

Using a federal program designed by Congress to ease the suffering of the poor and the elderly, political activists are working toward the eventual destruction of private energy corporations in the United States. In the process, disadvantaged people are being deprived of the federal assistance Congress earmarked for them, and used as pawns in a game of anti-corporate politics.

In an unusually blatant and shameless display of their willingness to manipulate the poor, environmental activists have concocted a fraudulent lawsuit which was just recently settled and then vacated by the very same judge who was duped into legitimizing the activists' attempt to defraud the government. However, this lawsuit still set several frightening precedents. First, millions of dollars from a federal low-income fuel assistance program were briefly diverted into the coffers of political activists. Second, Congressional authority was palpably defied, and Congressional control of federal programs rejected. Third, and perhaps most dangerous, the precedent (if only a lesson to others) may still allow any federal administrative agency to spend appropriated funds *however it desires* – regardless of the purposes for which the funds were designated. These startling precedents have been established by a "friendly" lawsuit against an administrative agency, and an amicable out-of-court settlement that provided both the agency and the "friendly" litigant with exactly what both parties had in mind. Through this mechanism, Congressional stewardship was to have been effectively circumvented, while political activists would have been allowed to create *de facto* legislation.

The "friendly" lawsuit in question is known as *Simer v. Olivarez*. In this case a group of activist attorneys brought suit against the Community Services Administration (CSA), allegedly to prevent the CSA from returning unspent funds to the U.S. Treasury. With nothing but the signature of an unwitting U.S. District Judge, the activist attorneys and the CSA reached a mutually agreeable settlement – mutually agreeable because it

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provided an enormous source of funds for environmental activism which now goes by the name of "energy advocacy."

Yet, when the same U.S. District Judge, John F. Grady, was shown that the low-income fuel assistance funds – money for fuel and warm clothing – were going to be used for "energy advocacy" (thanks to a complaint filed against CSA by the Capital Legal Foundation[1] on behalf of Senators Paul Laxalt, Orrin Hatch, and Edward Zorinsky), Judge Grady immediately called a hearing to investigate what had happened. In the Judge's words: "I am not sure just why the court was drawn into the matter except possibly from the standpoint of confirming legitimacy upon the whole undertaking that might have been absent."[2]

Shortly afterward, Judge Grady vacated this sweetheart settlement in a manner that clearly indicated that CSA, the U.S. attorneys, and the legal-aid attorneys collusively attempted to dupe him into legitimizing an illegitimate "energy advocacy" program. In his deciding opinion, Judge Grady stated:

> If there was a lawful basis, for entry of the order (in the *Simer* settlement), there would be no problem. But if there was no lawful basis for the order, as I now believe there was not, then the order is in reality an unjustified substitution of judicial fiat for legislative action in regard to the disposition of the money.

Judge Grady went on to say:

> I believe that the parties, both by what they said and by what they did not say, misled me both as to the facts and the law. I believe they were aware, as I was not, that the various expenditures required by the consent order were only arguably related to the Congressional purpose and that the order was a bootstraps method of accomplishing those expenditures.
>
> I have concluded that I must set aside the order of April 25, 1980. I should not have entered it, and had the parties

1. Complaint and Request for Action Re: *Simer v. Olivarez*, September 29, 1980, on behalf of Senators Paul Laxalt, Orrin Hatch, and Edward Zorinsky.

2. Transcript of Proceedings, *Simer v. Olivarez*, No. 79C 3960, held on October 6, 1980, in U.S. District Court, Northern District of Illinois, Eastern Division.

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made a full disclosure of the facts, I would not have entered it.[3]

Indeed, it is important to note that this is only one case that has been discovered, and, through considerable pressure, reversed. How many other times have the stewards of our taxpayers' money willfully diverted funds to be used for "other purposes"? For this reason, it is vital to understand just exactly what happened in *Simer v. Olivarez* and the nature of the political activists who would have used the money for their own purposes.

Simer v. Olivarez: The Background

Beginning in 1973, with the Arab oil embargo and the resultant fourfold increase in the price of imported oil, Congress (particularly the representatives of the New England states) grew very concerned with the rising costs of home heating oil. That concern centered around the effect of high prices on the poor and elderly people living on fixed incomes. Responding to this problem, Congress passed an amendment to the Economic Opportunity Act (the empowering legislation for the federal government's Community Services Administration), creating a new program entitled the Emergency Energy Conservation Services (EECS). Up until now, all federal low-income fuel assistance programs have been administered under EECS authority.[4] However, what Congress enacted and what has come about under the Community Service Administration's stewardship of the program are demonstrably different.

On September 24, 1979, five legal aid [5] attorneys filed a class-action suit on behalf of a group of low-income people against CSA – the case now known as *Simer v. Olivarez*. The complaint alleged that CSA had unlawfully administered the low-income fuel assistance program – the Crisis Intervention Program (CIP) in 1979 – unlawfully promulgated regulations

3. Memorandum Opinion, *Simer v. Olivarez*, No. 79C 3960, October 29, 1980.

4. Energy assistance *per se* was not provided to the poor until Congress passed the Emergency Conservation Services Amendment to the Economic Opportunity Act, in conference on December 19, 1974.

5. Legal Aid attorneys work for the Legal Services Corporation in funded legal aid offices through the U.S. According to their charter, they are supposed to represent only the poor.

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reducing the number of eligible applicants, and arbitrarily selected an application deadline for the program.

As stated in the complaint's "prayer for relief," the plaintiffs asked the court for an injunction,

> requiring the defendants (CSA) to order all CIP grantees to accept applications under the CIP until the funds are properly spent and to allow funds to remain available for obligation under the CIP until the court sets a deadline.

The requested injunction would also have had the effect of "enjoining defendants from returning any unobligated funds appropriate to CSA to the general fund, United States Treasury Department, until the conclusion of this action."

On the surface, this complaint appears to be a sincere attempt to extend the fuel assistance Crisis Intervention Program so that more people, particularly elderly people (whose problems are mentioned often in the complaint), could receive federal assistance. But the complaint was a sham. In fact, the legal aid attorneys worked together with CSA lawyers to draft a "Stipulation and Agreed Order"[6] – an out-of-court settlement that in no way resembles the requirements of the original complaint.

For the eight plaintiffs named in the class action suit, the out-of-court settlement provided minimal benefits. To wit, "CSA agrees to provide a total voucher credit of $250.00 to the current gas, oil, or electric utility of the individual named plaintiffs or a direct payment of $250.00 to the named plaintiffs." Thus the total outlay for the relief of injured parties was $2,000.

That $2,000, however, represents only a minuscule amount of the lapsed funds involved in the original suit – and in the settlement. In fact, the settlement provided for the dispersal of at least $18 *million* in federal funds – nearly 10 percent of the total program budget for FY 1979. The booty was distributed as follows in the settlement:

(1) $4.0 million shall be granted to local groups to fund "energy advocacy";

(2) $1.8 million to the National Consumer Law Center "to be used solely for a two-year budget to maintain and expand its current advocacy, research, and active litigation with regard to

6. From the Complaint for Delcatory Judgment, Mandamus and Inductive Relief for *Simer v. Olivarez* filed September 24, 1979.

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state, federal, and local utility and energy issues";

(3) In addition to the $1.8 million . . . defendants shall grant the National Consumer Law Center $.5 million to be used over two years for expert witness and consultant fees;

(4) $.5 million shall be distributed to CIP energy advocacy granters, legal service organizations, or other consumer utility advocacy groups to be used for expert witness or consultant fees in energy and utility matters;

(5) $200,000 shall go to Citizen/Labor Energy Coalition Foundation of Washington, D.C., to fund for a two-year period staff, travel, and materials for providing training and technical assistance in organizing and coalition building for those energy groups (previously mentioned);

(6) $350,000 is set aside for the following purposes: Three professionals at the GS 12/13/14 level and one clerical at the GS 7/9 level shall be hired for a period of two years for headquarters assistance in the administration and monitoring of the programs set forth within. Also, for all of their expenses and manuals, handbooks, and pamphlets pertaining to these programs;

(7) $2.0 million for solar resource centers and solar collectors for the poor and elderly;

(8) CSA agrees to fund the Small Farm Energy Project of the Nebraska Center for Rural Affairs located in Wathill, Nebraska, to continue its development of low-cost application of small-scale alternate energy for use on small farms at a level of $150,000 for two years;

(9) $1 million to do studies on the low-income energy problem and alternative energy sources;

(10) $4 million for energy conservation kits; and

(11) $4 million for a hypothermia program.[7]

Of all the programs funded through this settlement, only the last two – the "energy conservation kits" and the "hypothermia program" – even remotely resemble the original intent of the CIP program or the authorizing legislation, the Emergency Energy Conservation Services program. That, along with the mere $2,000 given to the low-income plaintiffs, constitutes the entire consideration given to the intent of the Congress in

7. Stipulation and Agreed Order, for *Simer v. Olivarez*, No. 79C-3960.

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allocating the funds. The remainder of the settlement is a grab-bag of environmentalist and consumerist causes, to which the CIP funds would now be diverted, were it not for the Capital Legal Foundation complaint. And as if that settlement were not enough, the "Stipulation and Agreed Order" continues:

> Any additional monies returned for CSA in excess of eighteen million shall not revert to the United States Treasury but shall be obligated by CSA in accordance with a plan to be agreed upon by all parties and approved by the Court.[8]

This settlement, a clear violation of the authority of Congress, was adopted as mutually agreeable to both the activist lawyers and the representatives of CSA.

Obviously the lawyers who framed the settlement in *Simer v. Olivarez* forgot what they were supposed to be doing – or else they were pursuing their own pet objectives all along. The money intended to help poor and elderly people survive the winter went instead toward political activists and favored environmental projects. So, from the emergency relief funds aimed at low-income people, $4 million went into conservation (as if the $1.172 million spent on conservation by the Department of Energy were not enough)[9]; $2 million went to solar energy research (as if the $656 million from DOE were not enough).[10] Yet while all this money was going elsewhere, 60 percent of the $200 million designed to help poor people weatherize their homes was left unspent.[11]

Unfortunately, *Simer v. Olivarez* is not an isolated example of abuse; it is a part of administrative behavior. Exactly one year before the filing of *Simer v. Olivarez*, a similar suit was filed: *Grieg v. Olivarez*. This suit, which was also brought against the CSA, established the precedent on which *Simer v. Olivarez* is based. That dubious precedent came to the attention of an investigative committee from the U.S. House of Representatives, which was looking into the low-income fuel assistance programs. Seeing the potential implications of *Grieg v. Olivarez*, the investigative staff reported,

8. *Ibid.*
9. FY 1981 DOE Budget Request.
10. *Ibid.*
11. Tom Stroud, Director of DOE Region VIII Weatherization Program.

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> The intent of Congress has again been circumvented by the court preventing unobligated EEAP FY 1978 low-income fuel assistance funds from being returned to the U.S. Treasury . . . Equally important is the possible legal precedent that has now been set for future energy assistance programs and the possibility of future court challenges. The court has in effect created *de facto* legislation.[12]

Of course, the court's *de facto* legislation did not in any way conflict with the goals of CSA administrators. On the contrary, a look into the history of the low-income fuel assistance programs reveals that CSA has *always* used the programs to fund "energy advocates." In FY 1977, the first year of these programs, Congress allocated $200 million to the Special Crisis Intervention Program to help low-income people weatherize their homes. Of that amount, $36 million – almost 20 percent – was used for "other purposes." The House investigative staff reported, "CSA has approved SCIP grantees' use of reprogrammed SCIP funds for advocacy, crisis intervention, consumer information, education, legal assistance, and other purposes. CSA has clearly overstepped its authority by the actions it has taken on this matter."[13]

The House investigative team found CSA to have been persistently insensitive to the needs of the poor people for whom the funds were intended. Their report noted that: "CSA's failure to carry out its role as the Government's advocate for the poor is evidenced by its failure to properly evaluate and assess the needs of the poor for a continuing energy assistance program."[14]

To understand what CSA *was* doing with its "energy advocacy" programs, consider a draft statement prepared by Rufus Bradford, a Washington CSA employee responsible for "energy advocacy" grantees. (The draft was used because it was far more revealing than the final copy which did not officially appear until August 15, 1980. Then, Rufus Bradford sent out a solicitation to all the "energy advocates" telling them about the

12. Hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 96th Congress, First Session, Part 7, Related Agencies, June 11, 1978,

13. *Ibid.*

14. *Ibid.*

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Simer settlement funds and officially "describing [the] Energy Advocacy Program" which was to receive the funds. Obviously, the settlement was the *sole authority* for the "Energy Advocacy Program," and, in fact, for nearly three years there was no formal written document inside of the Community Services Administration that described its "Energy Advocacy Program," in spite of the fact that CSA was still funding it.) According to Mr. Bradford, "The broad goals of these grants were . . . to bring about changes in existing laws and administrative regulations related to energy matters which disproportionately affect or discriminate against the poor."[15]

Thus an activity emerges – an activity funded by Congress – the purpose of which is to "change existing laws and administrative regulations." That is, a federal program designed to remodel the programs Congress begins. The only step remaining is for the administrators *themselves* to define what laws and regulations "disproportionately affect or discriminate against the poor." The result is predictable: Any program which does not further the goals of the activists within the administrative agency – any program that addresses concerns as mundane as paying bills for poor people – is defined as "disproportionately affecting the poor."

'Friendly Litigation' as a Form of Collusion

Since the CSA has a long history of sidestepping Congressional intent in its execution of the low-income fuel assistance programs, it should be no surprise the CSA agreed so readily to the settlement in *Simer v. Olivarez*. As a matter of fact, there is every reason to believe that that settlement was ardently desired by the activists who control CSA's programs. Consider, for instance, the "defense" CSA offered against the lawsuit.

But before considering that defense, let us return for a moment to the earlier lawsuit, *Grieg v. Olivarez*.[16] That earlier suit was brought by Greg McHugh, whose job with the Cook

15. There is no formal written document in CSA on its Energy Advocacy Program. This was taken from an unpublished draft on the program by Rufus Bradford, CSA employee handling the "energy advocacy" grants.

16. Memorandum Opinion from *Grieg v. Olivarez*, No. 78C 1646, before the U.S. District Court of the Northern District of Illinois, Eastern Division.

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County Legal Assistance Foundation is subsidized by the federally funded Legal Services Corporation.[17] The CSA defense was provided by two U.S. attorneys, Thomas P. Sullivan and Edward J. Moran. But, in fact, it is an exaggeration to refer to the "defense" offered on behalf of the CSA. In the words of the House investigative report,

> Although CSA was the defendant in this case and lost, the investigative staff found little opposition to the court's decision. . . . Privately CSA officials are pleased with the results because the court's decision will ensure the entire $200 million will be spent for the poor.[18]

Obviously both parties were pleased with the results of the *Grieg v. Olivarez* case. Just one year later, a group of legal aid attorneys, including the same Mr. McHugh, filed the *Simer v. Olivarez* complaint against a CSA program managed in an almost identical fashion. It is no coincidence that the two attorneys assigned to represent CSA in this case were the same two men who had offered the uninspiring defense against the *Grieg v. Olivarez* complaint: Thomas Sullivan and Edward Moran. These same parties concocted the "Stipulation and Agreed Order" that constituted the settlement in the case. That settlement certainly served the personal interests of all the parties involved — except, of course, the poor people for whom, supposedly, CSA was working.

In the entire legal process invoked by the *Simer v. Olivarez* suit, the only people involved were the plaintiffs — a group of activist attorneys — and the defendant, CSA — an agency whose administrators sympathized fully with the activist position. Since the case was settled out of court, the only representative of the broader public was Judge Grady, whose approval took the form of a rubber stamp — not even a personal signature.

From the point of view of the activist attorneys, and their friends within CSA, this arrangement offers tremendous advantages. By means of these "friendly" suits they can, in effect, write their own legislation, apportioning federal funds according to their own priorities, without worrying about Congressional

17. The so-called Legal Services Corporation is entirely a creature of the federal government, receiving $270 million from the federal government in FY 1979.

18. Hearings, *op. cit.*

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decisions. In effect, lawsuits such as *Grieg v. Olivarez* and *Simer v. Olivarez* allow CSA to divide the federal spoils, rewarding its own friends and ignoring the needs of the poor. The beneficiaries of the process are, not surprisingly, the people who bring the legal action. Consider, for instance, a few of the organizations rewarded by the *Simer v. Olivarez* settlement:

The National Consumer Law Center was a beneficiary of $2.3 million in the "Stipulation and Agreed Order." Back in 1978, when CSA first created the Energy Advocacy Program, NCLC received an initial grant of $400,000.[19] Since then NCLC has received steady annual funding from CSA, and served as a "think tank" both for energy advocacy projects around the country and for the various legal aid offices which perform litigation for the energy advocates. NCLC is considered an important "National Support Center" for the federal government's Legal Services Corporation.[20] In short, NCLC is a key component of the legal aid network involved in litigation against energy companies. So it is interesting that *Simer v. Olivarez* was brought by attorneys representing that network. And it is interesting that the settlement stipulated that at least half of the $4 million granted to energy advocates must be used to support legal aid attorneys in their suits against energy companies.[21]

Similarly, consider the $200,000 portion of the *Simer v. Olivarez* settlement that was supposed to go to the Citizen/Labor Energy Coalition. The Executive Director of that organization, Heather Booth (the wife of Paul Booth, a co-founder of the activist Students for a Democratic Society), also serves as director of the Midwest Academy. That latter organization, which receives federal ACTION funds totalling $596,315,[22] produces training manuals that include such material as this:

> Give people a "taste of blood," Push your opponents so hard you can see them squirm.
>
> The Third Principle of Direct Action organizing is that it attempts to alter the relations of power between

19. Bradford, *op. cit.*
20. From any Legal Services Corporation annual report.
21. Stipulation and Agreed Order, *op. cit.*
22. Part VIII, Hearing Record, Related Agencies, House Appropriations Subcommittee on Labor, HEW, 1979, 96th Congress, 1st Session, pp. 4-42

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people's organizations and their real enemies. The real enemies are unresponsive politicians, tax assessors, utilities, landlords, government agencies, large corporations or banks.[23]

If such sentiments leave any doubts about Heather Booth's political orientation, those doubts should be erased by her participation in the Citizen/Labor Energy Coalition. The Coalition, besides sponsoring a nationwide protest against Mobil Oil on October 17, 1979, entitled "Stop Big Oil,"[24] is now working on its own "Citizens Energy Program." That program would:

(1) Roll back prices by reimposing price controls on crude oil, heating oil, and natural gas. Keep controls on gasoline;

(2) Force the oil companies to work at full capacity – appoint a Special Prosecutor to investigate phony shortages; and

(3) Establish a taxpayer-owned energy corporation.[25]

So, under the terms of the *Simer v. Olivarez* settlement, federal tax dollars were to be used to promote this controversial political campaign.

From these examples, a clear pattern emerges. First, the CSA provides a grant to an organization for "energy advocacy" work. Next, these organizations – aided in part by the CSA support – bring suit against CSA on dubious grounds. Finally, the attorneys representing these groups collude with CSA attorneys to settle the suit out of court, with the net effect that the organizations' coffers are enriched at the expense of the CSA. So, using funds authorized for the relief of poor and elderly people, the activists pursue their own anti-corporate, "soft technology" goals. Through it all, the CSA looks on with satisfaction, and encourages the activists in their work. In fact, when anti-corporate energy activists set their sights on the funds provided through the Windfall Profits tax, one CSA employee told a group of activists, "You guys could be paid from the oil companies, indirectly. I think that's kind of a nice ironic twist."[26]

23. *Ibid.*
24. From Citizens Labor Energy Coalition pamphlet, "Stop Big Oil."
25. *Ibid.*
26. Project Progress Review Report #440, submitted to CSA April 1, 1980, from the Region VIII CAA Association.

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What these "energy advocates" do *not* want is to see the federal funds they covet used to pay the utility bills of the poor and the elderly. In fact, although Congress has set aside $100 million for a Crisis Intervention Program within CSA, the "energy advocates" are actively trying to stop the states from adopting any assistance programs of any sort, simply because most of the money involved in any such program would be paid to their enemies: the utility companies.

Shutting Out the Poor

By any interpretation of the law, the administrators of a program established by Congress to provide weatherization and other forms of conservation, fuel assistance, and emergency help are not performing their responsibilities properly. Instead, they are turning their attention to other, peripheral issues – issues more in keeping with their own ideological concerns.

One clear example of this behavior occurred in Colorado in the spring of this year. Colorado's low-income fuel assistance program was tied up for six months, and yet one of CSA's grantee agencies responsible for helping the poor – the Region VIII Energy Advocacy Project (REAPO) and its state offices, the Colorado Energy Advocacy Office [27] – did nothing to help solve the problem. On the contrary, many "energy advocates," in their public statements, indicated that they hoped to see last winter's program fail.

On the morning of April 9, 1980 – fully three months after this winter's low-income fuel assistance program had begun, the *Rocky Mountain News* carried a front-page story entitled, "Utility bill aid is mired in red tape – Many wait months for

27. The Colorado Energy Advocacy Office is one of six states offices of the Region VIII "Energy Advocacy Project" (REAPO). REAPO, as were most of the "energy advocacy projects," was established in late 1978. The recipients of CSA's energy advocacy grants, and the staff of the energy advocacy projects, are the various state and regional associations of the CSA-sponsored CAP or Community Action Program agencies. There are about 900 CAP agencies which over the last three years have been responsible for CSA's low-income fuel assistance and weatherization programs as authorized under the Emergency Energy Conservation Services. Hence the "energy advocates," since they are actually staff members of these CAA Associations, are in fact responsible for these programs. The CAP's are usually incorporated at the county level and almost exclusively funded by CSA.

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federal funds." The article described, among other things, how one former agency employee believed that the program was mismanaged. "I took an 87-year-old woman to apply for the money the last week in January," said a former employee; "Despite repeated calls, the woman's application still hasn't been processed."[28] Near the end of the winter, only $313,000 of the $800,000 allocated to Denver had been spent.[29]

Despite these problems, the "energy advocates" busied themselves with peripheral projects. They were busy lobbying against a bill in the Senate that involved utility rates. According to the CSA grantee Region VIII Energy Advocacy Project's most recent quarterly report, submitted to the CSA this spring,[30] one "measurable accomplishment" was that "formal intervention in utility rate proceedings continues to be the primary activity . . . ." As for a "non-quantifiable" accomplishment, the report mentions that "media coverage of all these activities and events has been excellent."

Consider, too, the words of William Shroer, director of the Colorado Energy Advocacy Office — the Colorado office of the Community Services Administration's REAPO. Speaking before the Colorado Public Utilities Commission, Mr. Shroer forthrightly revealed the "energy advocates' " position: that federal low-income fuel assistance money should not be paid to the utility companies, but should instead be used for solar collectors and wood burning stoves — sources of fuel that utilities can't control. Mr. Shroer told an incredulous Commission that *any* money that went to the utility companies was "harmful." Throughout his testimony, he made it very clear that he opposed any form of assistance to poor people that did not incorporate his own anti-utility sentiments. Thus:

> We don't like having to deal with welfare programs that have to satisfy the needs of the low income with utilities. We feel that with possibly some favorable rule changes . . . We can use some of the money relating to the utility relief assistance in a more positive long-term approach.[31]

28. *Rocky Mountain News*, April 9, 1980, p. 1.
29. *Ibid.*
30. Project Progress Review Report, *op. cit.*
31. Case No. 5320 before the Public Utilities Commission of the State of Colorado, November 29, 1979.

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Mr. Shroer and the entire CSA "energy advocacy network" claim to be committed to "long-term solutions to help the poor with energy problems. In fact, one "long-term" solution is incorporated in the original authorizing legislation for CSA's energy-related activities. (Emergency Energy Conservation Services) as designed by Congress: the weatherization program. Congress considered weatherization to be the most vital aspect of the EECS and allocated $199 million for weatherization in FY 1979.[32] But the program has failed miserably, because, as of September 3, 1979, $130 million of that allocation remained unspent. In Colorado, of the $4 million allocated, $3 million has remained unused.[33]

Interestingly enough, CSA's "energy advocates" are placing far more emphasis on keeping utilities and other "big" energy companies away from conservation activities than on using the vast sums set aside for that purpose, which remain unused. In fact, the executive director of one of CSA's regional "energy advocacy projects" (REAPO) flatly stated in a DOE rulemaking proceeding:

> Expanding utility (company) involvement in "other side of the meter" conservation programs will perpetuate and increase their social, economic and political power. This would undermine a major motivation of the alternative energy/conservation (movement) which is to reduce consumers' total dependence on the utilities, to provide options to utility service. If the utilities are heavily involved in consumer conservation, then they can more easily maintain control of consumers' dependence . . . For some consumers, this may not present a problem. For many consumers, however, this is economically, politically and socially unacceptable and undesirable.[34]

The activities of the CSA sponsored Utah Energy Advocacy Project, as described by staff attorney D. Bruce Coles in a memorandum to REAPO Director Dan Newman, have included:
- successfully opposing the Gubernatorial appointment of an "anti-consumer" representative to the Public Services Commission;

32. *Ibid.*
33. *Ibid.*
34. As before, a DOE public hearing on the RCS program on behalf of the Region VIII Energy Advocacy Project.

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- participating in the selection of two new Commissioners for the Utah PSC;
- successfully intervening in a Utah Gas Company rate case to obtain improved customer service procedures;
- participating in efforts to block the sale of C. P. National – a small southwest Utah company – to Utah Power and Light, and successfully organizing support in a referendum for local municipal takeover of the electric distribution system;
- delivering expert testimony to defeat Mountain Bell's adverse measured service plan and to advocate successfully for the adoption of a lifeline low-cost-low-usage phone service.[35]

How all these political causes, financed by CSA's "anti-poverty" funds, help poor people through the energy crisis is unclear.

In Wyoming, Mr. Coles reports that the Wyoming Energy Advocates have:

- collected 6,000 signatures to indicate state support for creation of a Utility Consumer Counsel's Office;
- requested establishment of a PSC procedure for reimbursement of attorneys' fees and expert witness costs to "consumer" participants in utility rate cases; and
- helped mobilize public support for creation of an elected, rather than appointed, selection for the Wyoming Public Utilities Commission.[36]

This type of partisan political activity not only disregards the intent of the EECS program, but actually violates the law, which expressly forbids all CSA grantees from involving themselves in any partisan political activity under the Economic Opportunity Act, USCS 2943 (b).

These same "energy advocates" are also involved in other partisan causes. The Colorado Energy Advocates have intervened in rate hearings before the Colorado Public Utilities Commission,[37] in conjunction with the avowedly political Colorado ACORN (Association of Community Organizations for Reform Now).[38] The group also joined ACORN in applauding the fight

35. Hearings of the Senate Select Committee on Nutrition and Human Needs, on "Fuel Crisis Impact on Low-Income and Elderly," January 1974.
36. Tom Stroud, Director of DOE Region VIII Weatherization Program.
37. Bradford, *op. cit.*
38. See *Simer v. Olivarez.*

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against rate increases,[39] and issued a press release warning Colorado citizens against nuclear power plants.[40] Thus the EECS, a program to help the poor, is used to lend, all with taxpayers' money, legitimacy to anti-nuclear and anti-utility protests. This is certainly not what Congress had in mind.

The political bias implemented by the "energy advocates" is clearly an anti-capitalist animus. Consider the words of the aforementioned Dan Newman, testifying at the Department of Energy hearing:

> A regulated utility has an incentive to engage in excessive substitution of capital investments for other productive resources. Moreover, . . . utilities have an incentive to avoid financial and technical risks. The effect of these incentives on solar energy is to lead utilities to invest in solar technology that is too durable, that is excessively efficient in converting sunlight to usable energy, and that requires inefficiently little maintenance. These strategies increase the capital use (thus) exploiting the technology.[41]

The message conveyed by this "energy advocate" is clear: Anything that uses something so distasteful as a capitalist mechanism to produce energy is politically unacceptable to him and to his fellow advocates.

Windfall Profits for Energy Advocates?

Anyone familiar with the legislative history of the Emergency Energy Conservation Services, or indeed with the wording of the statute that created it, should know that its authority is intended for the benefit of the poor. And the needs of the poor are very real indeed. U.S. Senate hearings before the Select Committee on Nutrition and Human Needs brought out the fact that of the 8 million single-family dwellings occupied by

39. In I & S 1330 before the PUC, all "energy advocacy" testimony is also stated "on the behalf of Colorado ACORN."

40. According to a *Rocky Mountain News* article of August 16, 1979, 20 Colorado ACORN members demanded concessions from the Colorado Democratic Party, including demands for ACORN representation in the delegation for the national convention in 1980, ACORN representation on all state and national party committees, and an endorsement of ACORN's "People's Platform."

41. DOE public hearing on the RCS program, on behalf of the Region VIII Energy Advocacy Project.

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the poor, 4 million have no insulation and about 5 million have no storm windows or doors. One-fourth, or 2 million, are in the coldest or moderately cold climate zones, where temperatures regularly drop below freezing at night.[42] The "energy advocates" who control the program, however, are not only failing in this regard but are openly hostile to the poor – since federal assistance that reaches poor people is paid to utility companies. Considering the agenda of these energy advocates, it is tragic that the federal funds are available to poor people only through their auspices. As things stand, many energy companies – utility companies and fuel-oil dealers – are finding their good-faith efforts to help the poor hampered and sometimes totally thwarted.

Worse still, the anti-utility activists are now conspiring to use the billions of dollars the federal government will collect through the new Windfall Profits Tax. Using funds authorized for the poor and elderly under Title III of the Windfall Profits Act, activists are pursuing their own ideological goals by developing schemes to divert these funds.

The activists' plan is revealed in the words of a National Consumer Law Center attorney, Howard Fox, speaking to a training session for "energy advocates." Mr. Fox makes it clear that activists will attempt to thwart the will of Congress:

> The question is, then, how does one do this. Clearly the fuel assistance program is not specifically designed for that purpose. It is designed just for money to be passed through, actually it's an emergency program. It seems to me, though, that there are potential schemes – if you will, creative ideas – that could be put to use, that would try to capture some of that money as it flows through long enough to try to leave something behind.[43]

Nor are the activists content merely to divert the regular fuel assistance monies. Of the $1.85 million set aside in FY 1981 for low-income fuel assistance, $100 million is to be given directly to the Community Services Administration to take care of people who have nowhere else to turn for help. Although CSA will be primarily responsible for distributing these energy

42. Hearings of the Senate Select Committee on Nutrition and Human Needs, *op. cit.*

43. Project Progress Review Report, *op. cit.*

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assistance funds, the "energy advocates" would like exclusive use of the $100 million. According to John Hanson, CSA Region VIII Energy Coordinator, "We're trying to wrestle with some language . . . that would cause the advocacy grants to fall within, as an eligible expenditure under the new crisis intervention. It would be $100 million. That's a good chunk of money, and it's software money. It's money for staff, personnel, advocates."[44]

In a later meeting, conducted by CSA on the "Energy Crisis Assistance Program," a Washington CSA representative, Tom Burns, confirmed the plan as Mr. Hanson had explained it. His comments came in response to a question from a Utah advocate:

> Question: Isn't the reality that that money is going to the CAP Associations to fund "energy advocacy" type activity?
>
> Burns: Uh, this is not on the record, but I think your assumption is, uh, correct.[45]

Mr. Burns had good reason to want his answer left off the record. As he revealed later, CSA and its activist allies do not want to call attention to their plans for the Windfall Profits Tax receipts, since those plans violate the intentions of the program. Mr. Burns warned his audience:

> HEW is scared out of their socks relative to what we may do relative to advocacy. Advocacy is a word we can't use at HEW . . . . They're just really scared that if we make those $80 million available to the CAP's for the purposes of advocacy, they could be advocating what HEW doesn't want.[46]

Still, despite HEW's disapproval, CSA obviously intends to pursue its own plans.

When Congress first established its low-income fuel assistance program, the legislation in no way established authority for the creation of an activist political network. Nor does the Windfall Profits Tax contemplate any such scheme. But the CSA, by working deftly alongside anti-corporate activist organizations, has been able to usurp all the authority it needs to pursue the activists' agenda. By willfully misinterpreting and twisting Congressional intent, and by arranging contrived lawsuits to

44. *Ibid.*

45. Energy Crisis Assistance Program — Regional Meeting: Denver, Colorado, May 6-7, 1980. Verbatim tape recording.

46. *Ibid.*

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create *de facto* legislation, the activist alliance has sought its own idelogical goals at the expense of the poor and the elderly.

Utility companies and other energy corporations – the real targets of the activists' attack – are trapped in the middle of this situation. If they try earnestly to help the poor and the elderly, in many instances they are forced to cooperate with a group of people who are intent upon putting them out of business. Meanwhile the mechanism intended to help the poor, which also involves the utility companies, is being sabotaged. The net result is that the poor and elderly face compounded problems despite Congressional efforts to help them; the costs of energy rise; the utilities are assigned the blame. Through it all the political activists, who bear responsibility for the whole mess, escape unscathed to pursue their future goals.

Other Federally Funded Activism

Unfortunately, the success of "energy advocates" in diverting federal funds to their own purposes is anything but unique. For instance:

The authorizing legislation (the Magnuson-Moss Act) that supports the Federal Trade Commission specifically prohibits the FTC from funding wealthy organizations.[47] But Michael Pertschuk, a former associate of Ralph Nader, is now chairman of the FTC. And under Mr. Pertschuk's direction, the Commission has already granted more than $150,000 to various Naderite groups, not to mention grants to other groups, a list of which resembles a *Who's Who* of anti-nuclear activism (including the Union of Concerned Scientists, Friends of the Earth, the Sierra Club, the Environmental Defense Fund, and the Natural Resources Defense Council).[48]

Similarly, Sam Brown's ACTION has stepped up its grants to Public Interest Research Groups, a Naderite network also funded by compulsory student fees at some universities. By the end of 1979 those tax dollars totalled $646,042.[49] PIRGs

47. Magnuson-Moss Warranty – Federal Trade Commission Improvement Act, section 202 (h), 15 U.S.C.A. section 57 a (h), 1978.

48. List of "Compensate Participants' Contributions, October 1975-August 1979," available from Office of Compensation, FTC.

49. List of VISTA program grants, available from VISTA Program Grants Manager.

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invest much of that money in anti-nuclear agitation. National PIRG sponsored a nationwide "No-nuke teach in" campaign, subsidized by federal funds, culminating in the big spring media event to "bolster efforts toward making nuclear power an election issue in 1980."[50]

An internal Department of Agriculture investigation recently revealed that the Assistant Secretary of Agriculture, Carol Tucker Foreman, granted $23,536 to the Consumer Federation of America (CFA) shortly after she was appointed to her government position.[51] She had previously been Executive Director of that same Consumer Federation of America! And that grant is even more questionable than it might seem. The funds went to the CFA despite the following facts:[52]

(1) The grant was more than twice as large as the maximum allowed under the ten current USDA guidelines.

(2) The only other bid to USDA to perform the required service (a "consumer-impact" study) was immediately rejected.

(3) The grantee, CFA, had already publicized its opinion on what the study should conclude – before the grant was even made to undertake the study.

(4) The head of USDA's Food Safety and Quality Service, Robert Angelotti, advised against the grant on ethical grounds.[53]

The payments to activists at one point angered Congress enough to cause a rider to be attached to DOE/ERA. CFA has profited from other dubious government awards. In May 1978 the Department of Energy gave CFA more than $85,000 – weeks before the consumerist group had even requested the money! CFA was being paid to testify before a DOE hearing, simply to state its opinion.[54] This payment angered Congress enough so that a rider was attached to the next relevant DOE appropriations bill, specifically forbidding federal payments to

50. "Nader's No-Nuke Teach-Ins," *Information Digest*, September 7, 1979, pp. 274-278.

51. "Paying Witnesses to Testify at Rulemakings?" by Peter Overby, *Lobbying Reports*, April 2, 1979, p. 6. *Lobbying Reports* is now called *Political Practices Reports. See also, Grocery Manufacturers of America v. Carol Tucker Foreman et al.*, civil action No. 2245-78 U.S. District Court, Washington, D.C.

52. *Ibid.*

53. *Lobbying Reports*, October 2, 1978, and February 19, 1979.

54. Overby, *op. cit.*

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intervenors.[55] But that still didn't stop the flow of tax dollars. The Consumer Federation simply changed the name of its grant-taking committee,[56] and was back on the DOE "payroll" in a matter of days.[57]

When someone pointed out that the DOE had no standards for giving grants (like the standards violated by the Agriculture Department in its CFA grant), the Department simply gave another $49,500 to CFA to develop the standards by which they, and similar consumerist groups, could receive DOE funds in the future![58]

The clearly political Americans for Democratic Action (Washington chapter) went from an annual budget of $2,000 to more than $200,000 solely on the strength of grants from FTC's Michael Pertschuk to the group's newly established "Consumer Affairs Committee."[59] That tax money paid for a report called "Trash Toys," which was nothing more than a compendium of ADA opinions on certain Christmas toys.[60]

All these varying examples illustrate a consistent pattern of abuse. Activists have attached the federal treasury to support their own political ends in a variety of ways. Business, on the other hand, already weakened by regulatory overkill, economic uncertainties, and federal funding of its political opponents, now must face an increasing disintegration of the very values that sustain our economic system. Our economic system must fight for survival, in a battle in which it pays all its enemies' ecpenses. In fact, attacks on business are the height of intellectual fashion. As George Gilder put it, "hatred of the producers of wealth flourishes, and has become the 'racism' of the intelligentsia" — producing the worst of both worlds, where "the rich get poorer and the poor get poorer."[61]

55. Public Law 95-465, October 17, 1978.

56. *New York Times*, August 7, 1978.

57. See grant listed to Consumer Energy Council of America for "Study on Disposition of Revenues as a Result of Oil Company Overcharges," DOE Office of Consumer Affairs Contracts/Grants, Summary, 1979.

58. Overby, *op. cit.*

59. Compensated Participants' Contributions, *op. cit.*

60. "Consumer Group Attacks 'Trash Toys,'" UPI dispatch, Washington, D.C., as printed in the *Daily Camera*, Boulder, Colorado, December 6, 1979.

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So there is a real chance that business, dangerously weakened already, might be fatally damaged by this impending attack, the most unfair attack yet mounted. F. A. Hayek has observed that "We can never at one and the same time question *all* of society's values. Such absolute doubt could only lead to the destruction of our civilization and, in view of the numbers to which economic progress has allowed the human race to grow, to extreme misery and starvation."[61,62]

61. George Gilder, "The War Against Wealth: The Rich Get Poorer and The Poor Get Poorer," *The American Spectator*, October 1979, p. 11.

62. F.A. Hayek, *New Studies in Philosophy, Politics, Economics, and the History of Ideas*, (Chicago: University of Chicago Press, 1978).

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Can Counterintelligence Come In From the Cold?

ARNOLD BEICHMAN

> "The best hope that the free world will remain free lies in an efficient, constitutional, freedom-loving – but adequately secret – CIA and FBI."
>
> – M.R.D. Foot, Professor of Modern History, University of Manchester, in *The Economist*, March 15, 1980.

What a cushy job it must be today to run the Soviet KGB, the USSR secret police and espionage agency. There is longevity and job security, not as in the old Stalin days when, after a few years as head of the secret police, you were taken out and shot.

Better yet, Yuri Andropov, who runs the KGB, sits on the Politburo secure in the knowledge that his once redoubtable adversaries, the CIA and the FBI, have for the last seven years been so weakened that they are no longer serious competition. Even now, when there is some possibility that Congress may allow the CIA and FBI to function once more, it will still be years before these agencies will be sufficiently secure against KGB penetration and disinformation.

Penetration of the CIA by the KGB is now an established fact. On October 29, David H. Barnett, a former CIA agent, confessed that he had been selling important secrets to the Soviet agency for some years – including a top-priority clandestine CIA operation in Indonesia in the 1960s. Mr. Barnett also confessed that he had revealed to the KGB the identities of thirty covert CIA employees.

The organizational deficiencies have multiplied since 1975 because of Congressional investigations, Executive orders and, above all, because of the serious decline of U.S. counterintelligence capacity in the CIA and the FBI. This was the conclusion of many specialists who attended the third meeting of the Consortium for the Study of Intelligence (CSI). It is now possible, for example, to assign Soviet agents to the U.S., literally by the shipload. In 1978, there were 1,300 Soviet and 700 Soviet-bloc officials permanently assigned to the U.S. as diplomats, media

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and trade representatives, and staff to international organizations. The number of Soviet-bloc graduate students has increased from the usual 35-40 to 200. During 1977, there were almost 60,000 Soviet-bloc visitors to the U.S. Of these visitors, 14,000 were commercial, scientific, and cultural delegates, while the remaining 40,000 were crewmen who enjoyed complete liberty while Soviet ships were docked in 40 U.S. deepwater ports.

Now I have it on good authority that before Congress put the FBI on its "most wanted" list, the FBI routinely covered KGB suspect agents on a one-to-one basis, that is, one FBI surveillance expert to one KGB suspect. Today, as Mr. Andropov knows well, the ratio has dropped to 1-to-4. There are just too many KGB targets floating about the U.S. today, while some 300 FBI staffers are busy checking applications from all kinds of dubious sources under the Freedom of Information Act. Let me quote former Assistant Attorney General Antonin Scalia, now a professor at the University of Chicago Law School:

> A story that I often tell is, when I was at the Justice Department, concern was expressed by the National Aeronautics and Space Administration that it was receiving a regular series of requests from AMTORG, the Soviet trading company. And they asked the Justice Department was there anything they could do about it under the Freedom of Information Act and, of course, the answer was no. The Act doesn't make any distinction with respect to citizens or aliens or foreign companies, so it's not an unreal problem, but the Act was quite clearly drawn that way and intentionally so. I don't think that it was an oversight.[1]

Thus foreigners and foreign governments, regardless of whether friend or foe, have the right under American law to information from *all* agencies of the American government.

If this state of affairs were limited to a few agencies, the damage might be controllable. But the damage goes far beyond that — it threatens the very existence of counterintelligence, without which there can be no operative intelligence system. To put it simply, the crisis of U.S. intelligence is a crisis of counterintelligence.

Newton S. Miler, former chief of operations in the counter-

1. Report of the Proceedings of the American Bar Association Committee on Intelligence, December 1979.

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intelligence staff of the CIA under James Angleton, recently told the CSI that America did not have an effective counterintelligence capability. He told us that neither the CIA nor the FBI neutralizes Soviet and Soviet-bloc intelligence activity in the U.S. There are even people who believe that the CIA has been "turned around" and that revitalizing the agency, instead of starting a new one, would merely strengthen the possible KGB penetrators in the CIA right now, such as any Barnetts who still may remain undiscovered. The importance of counterintelligence has been emphasized by Richard Helms, CIA director from 1966-72, who has said, "Counterintelligence is terribly important, because without an effective counterintelligence program – both in the CIA and the FBI – the problem of double agents and infiltrators is insurmountable."

Still worse is the fact that throughout these five years the powerful Congressional intelligence oversight committees have paid little or no attention to the presence of the KGB in the U.S. Nor have such powerful newspapers as the *New York Times* and *Washington Post* – which for years occupied themselves with relentlessly exposing our intelligence agencies – paid any attention to the KGB. I know of no Congressional committee which is presently working on an investigation of the KGB. Unfortunately nothing much can be done on such a matter because there are weightier debates going on in Washington. There is, for example, a dispute over Carter Administration amendments to the National Intelligence Act of 1980 and to the Foreign Intelligence Surveillance Act (FISA) of 1978. In one case, the row is over an amendment to the FISA whether to "extend the emergency surveillance period of 24 to 48 hours"! This situation justifies Senator Frank Church's observation: "I wonder if we are competent to manage an intelligence gathering program on anything."[2] Senator Church should know.

Intelligence Security

The importance of a counterintelligence agency is to ensure that the other parts of the intelligence community can be trusted – that is, those sections which deal with covert oper-

2. *Situation Report* of the Security and Intelligence Fund,Washington, D.C., Volume I, Number 6.

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ations, clandestine collection and analysis and estimates. If counterintelligence operatives are inefficient or intimidated, the enemy success is inevitable.

Success or failure in counterintelligence depends largely upon the ingenuity of counterintelligence officers as well as on the initiative and courage of sources of information. In other words, successful counterintelligence depends upon the quality of its personnel – the counterintelligence analyst, the counterintelligence case officer, and the agent or informant. But the quality of the personnel is insufficient to guarantee good results. There must be positive incentives to good performance and under the present system, certainly during the last seven black years for U.S. intelligence, there have been disheartening disincentives.

The counterintelligence analyst, farthest removed from danger or betrayal, must perform an unpleasant duty if he is to be loyal to his assignment. He must constantly question the *bona fides* of sources and the validity of information which is usually hard-won, often unique. Such questioning of information, especially from defectors, reflects – or may be interpreted as reflecting – on the judgment of others in the intelligence community and in the government itself. Often the counterintelligence analyst is questioning the judgment of officials of much higher rank than his.

The counterintelligence case officer has an even more difficult road. He is the actual counter-spy. His duty is to investigate, to maintain surveillance, to infiltrate, to carry out "experiments" – e.g., feeding data to certain persons through certain channels and then watching for results to confirm or disconfirm suspicions about individuals within his own service who may have been deceived or used or have actually gone over to the other side. If there had been any successful counterintelligence activity in Britain could the Philbys, Blunts, and Macleans have flourished?

The agent (i.e., the source or informant) is in the most difficult, if not the riskiest, position of all. If his identity becomes known, he may be killed. Lester Dominique, a federal informant, was recently found bludgeoned, beaten with chains, disemboweled with a machete. His name had been inadvertently left in open court documents.

The agent, the informer who penetrates an organization, must do the things required of anyone living in the environment

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he is penetrating. Such work is usually unpleasant, often dangerous and sometimes illegal. Adding to the informant's agonies is the fact that he is no longer regarded as a useful member of the society which he is serving, whatever his motive may be. In the 1950s, an informer's job was glorified in a TV serial, "I Led Three Lives." But by the 1970s, the undercover operative no longer enjoyed much esteem. Thus E. Drexel Godfrey, a former senior CIA official, wrote in *Foreign Affairs* (January 1978) that those in the business of corrupting others actually end up corrupting American society. Such a statement, unprovable by its nature, borders on the metaphysical and tells us little about how to combat in peacetime enemies determined to destroy that same society.

Although formal proof is lacking, it may be that the size of the overall counterintelligence program has increased both in manpower and in money during the last few years. Compared with the early 1970s, some parts of the counterintelligence community – parts of the CIA's counterintelligence staff and the FBI domestic security program – have been cut. Other sectors have been augmented – the FBI's foreign counterintelligence staff and Department of Defense sections.

Despite this apparently good news, it is far from clear that the total resources devoted to counterintelligence are adequate to the needs of the 1980s, especially when the KGB has had such an easy time for several years. However, the most formidable obstacles to U.S. counterintelligence have been specific laws, judicial opinions and regulations enjoying the force of law which together have created a host of disincentives to effective counterintelligence.

Laws whose norms are clear-cut are not the problem. Counterintelligence operatives now know that they are barred from engaging in activities once considered permissible. But other rules are nowhere near as clear; lawyers themselves will argue about the meaning of regulations and judicial decisions. Thus, for instance, it is not always possible to guarantee an informant's anonymity. Finally, as is the custom with Congress when confronting a delicate issue, some rules are made intentionally vague – to satisfy competing pressure groups – on the assumption that the questions will be finally resolved by the courts. What is the counterintelligence operative to do in the meantime? His interest is to stay at a safe distance from a law or regulation until the matter is settled conclusively.

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The totality – laws, court cases, presidential orders, guidelines, the interpretations which the CIA and other agencies offer of these norms; the hearings and statements of powerful legislators and their staffs – create a legal and legislative climate which hampers counterintelligence performance. That is the opinion of both retired counterintelligence officials and former informants.

Let me make something clear. I do not argue that counterintelligence should be free of rules, standards and prohibitions. Restrictions are necessary to protect civil liberties. However, the constraints which have been put into effect since the 1970s have been narrowly focused to the detriment of counterintelligence performance. It should be possible to devise rules that can both assist the counterintelligence mission and protect civil liberties from potential abuse by the government.

The Function of Counterintelligence

The legal restrictions arise from a misunderstanding of what counterintelligence is and what it is not. Counterintelligence cannot be identified with criminal proceedings, because counterintelligence deals with activities whose primary characteristic is not criminality but hostility to the nation's security. The purpose of counterintelligence is not to prevent crimes and to punish criminals but rather to learn about and to neutralize the activities of the nation's enemies.

In criminal investigations, it is hard to imagine that the government would have a right to keep tabs on wholly innocent persons. In the field of intelligence and counterintelligence it is sometimes necessary to observe the activities of perfectly loyal citizens in order to learn about the activities of hostile intelligence services.

The counterintelligence officer's relationship with a hostile spy is not comparable to that between a policeman and a criminal. The hostile spy may not even be doing anything criminal because covertly influencing public policy in the U.S. is not a crime. Punishing him is not the task of counterintelligence. Its tasks are fourfold:

(1) to protect our own intelligence operations.
(2) to discover deception and disinformation.
(3) to uncover secret political operations directed against the U.S.

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(4) to keep spies and terrorists from being successful.

It is not part of counterintelligence operations to go beyond identification of an enemy agent. Counterintelligence officers generally argue against arresting hostile operatives; once known, they become harmless. The Foreign Intelligence Surveillance Act of 1978 requires special proceedings to obtain warrants for surveillance; the requirements are a parody of criminal law. Even more ludicrous is that in the course of the trials required to convict spies it is often necessary to reveal more information than the spies, during their operations, had actually succeeded in obtaining.

It is not my intention to depict counterintelligence officers or other CIA officers as nature's noblemen, worthy of exemption from the accepted rules governing the behavior of other appointive officials. Counterintelligence officers have a job to do which, by its nature, may be unpleasant and discomforting to a democratic society. Not all democratic standards can be applied in dealing with the operatives of a government which operates by a totalitarian standard and which judges victory solely on its success in weakening a democratic society.

In confronting this highly successful Soviet espionage organization, American government officials – regardless of party – have simply not understood the counterintelligence mission, either in the CIA, the FBI or the Defense Department. I say "regardless of party" because it was President Ford's Attorney General, Edward Levi, whose guidelines regulating counterintelligence activities are effectively in force today. They have remained substantially unaltered throughout the Carter Administration.

The main concept which informs the guidelines is the criminal standard – the notion that an individual should not be subject to investigation unless it can be demonstrated that he is or probably will be involved in a criminal undertaking. One set of guidelines (publicly available) establishes thresholds which cannot be crossed unless it can be demonstrated that a U.S. citizen or resident alien actually has committed or is about to commit a crime. Advocating or discussing the violent overthrow of the government or the commission of terrorist acts is not enough. The FBI has interpreted these rules to mean that it cannot even collect publications of domestic organizations unless there is "probable cause" to believe that a crime is imminent.

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According to the guidelines, should the FBI come across information that an organization may be planning to violate the law (for example, a report that someone is buying explosives) then the FBI may slightly increase surveillance of the group and establish a "limited investigation." This means no electronic surveillance, no mail cover, no placing of informants in the group.

Such "intrusive" techniques are permissible only when a "full investigation" has been authorized by FBI headquarters on the basis of "specific and articulable facts" describing "(1) the magnitude of the threatened harm; (2) the likelihood it will occur; (3) the immediacy of the threat; (4) the danger to privacy and free expression posed by a full investigation."

Here is the classic catch-22. How do you obtain the information to justify a full investigation without first using the investigatory techniques which are expressly forbidden in a "limited investigation"? The answer is you cannot do so.

These guidelines impose similar obligations on the field agents; they must write justifications for investigations which they may be reluctant to commit to paper because all they have is a hunch and imperfect data. It must often seem better to drop the case.

Further Obstacles

These are only the unclassified guidelines. The classified guidelines deal with foreign counterintelligence activities, but retired FBI and CIA officials indicate that the principles embodied in the one are not substantially different from the principles in the other.

These "domestic" and foreign guidelines reportedly have limited counterintelligence operations to a criminal standard so strict as to prohibit surveillance of the Puerto Rican terrorists who, released after serving twenty-five years in prison, vowed to strike again.

One could write at length about the legal straitjackets which restrain counterintelligence from effectiveness. But there are other problems which are little noted: training and recruiting counterintelligence personnel. Kenneth deGraffenreid of the Senate Select Committee on Intelligence told the CSI that recruitment and training are today almost certainly inadequate even for the narrowly defined mission that has been given to so

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many counterintelligence entities. In other words, even under the present constrained circumstances, the counterintelligence program does not even begin to address the needs of a national program of strategic multidisciplinary counterintelligence (MDCI). Mr. deGraffenreid maintained that counterintelligence is the essential base upon which this nation must construct its intelligence system; strategic MDCI is the counterintelligence philosophy which will meet the particular counterintelligence challenges of the 1980s.

The MDCI to which he refers demands expertise in areas beyond classical counterintelligence functions, such as personnel security, double-agent operations, and analysis of long-term Soviet intelligence operations. The new areas which MDCI encompasses include assessment of the vulnerability of U.S. technical collection systems to strategic deception and application of counterintelligence procedures and analysis to the field of technical collection. In the past, counterintelligence has suffered because it has made insufficient use of technical systems to support its own operations.

Mr. deGraffenreid argues that the U.S. intelligence community at present lacks the structure, direction, and knowledge necessary even to gauge the total foreign intelligence threat to U.S. technology. Additionally, there is at present no centrally directed effort to protect U.S. weapons from compromise during their development cycle from design through operational deployment.

There are some observers who take an optimistic view of the future for U.S. intelligence and counterintelligence. I do not. Unless we are first made aware of the titanic effort directed by the Soviet Politburo to attenuate American power and will, and finally we realize that this effort is succeeding, no reform, no alignment, no new philosophy, and no new technical expertise are going to help one whit.

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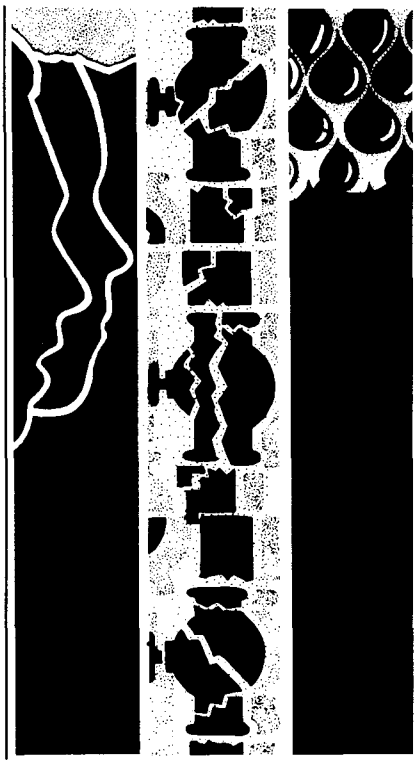

Ultimately, each country and Western security as a whole will benefit." — From the introduction by General Alexander M. Haig, Jr.

Other contributors to this collection of lively essays include Paul Kemezis, Richard Mancke, Hanns Maull, Richard Bissell, Harvey Sicherman, Mason Willrich, Bijan Mossavar – Rahmani, and Alberto Bagnasco. They tell what happened, why, and what it means for the United States and the West.

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Choice or Monopoly in Education

E. G. WEST

Education vouchers, one of the political and academic novelties of the 1960s, are with us again. The essential idea of vouchers is the same principle that is embodied in the GI Bills. In effect, the veterans receive pieces of paper redeemable for a designated sum of money but spendable only on educational services supplied by institutions that satisfy certain standards. Similarly, the unrestricted or "full" voucher scheme first proposed by Milton Friedman in 1955[1] was designed to give parents vouchers equal to the value of the current average cost of educating their child in the public sector. Today this would mean supplying them with vouchers worth about $2,000 per year, which is the current average cost to the taxpayer of the education of children in the public school system.

Under Professor Friedman's full voucher system, parents would be permitted to "add on" marginal funds of their own and to use the vouchers at both private and public schools. Vouchers would be spendable at any school *regardless of location.* But schooling would no longer be "free." All the participating schools, the public ones included, would charge tuition at full cost.

What is the main purpose of the voucher system? It is to make public schools compete with one another and with private schools. A common mistake is to argue that the benefits would accrue primarily to parochial schools. In fact, such schools have survived up to now because only subsidized schools have been able to compete with "free" schooling provided by the government. And churches have been prepared to provide private subsidies. Since it is hardly feasible for unsubsidized private

1. Milton Friedman, "The Role of Government in Education," in *Economics and the Public Interest,* Robert A. Solo, ed., (New Brunswick, New Jersey: Rutgers University Press, 1955).

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suppliers to sell services that government is giving away free, independent non-church schools have been few and far between. With vouchers, however, new private schools of various kinds can be expected to appear to supply a vast new market.

In a book published twenty-five years after his original proposal, Professor Friedman confidently announces that vouchers are at last on the brink of success. And this because we are willing to make far greater efforts to improve our children's schooling than, say, to eliminate waste and inequity in the distribution of relief. Education touches us more deeply.

> Discontent with schooling has been rising. So far as we can see, greater parental choice is the only alternative that is available to reduce that discontent. Vouchers keep being rejected and keep emerging with more and more support.[2]

The Roadblock of Bureaucracy

But this raises an interesting question: why do vouchers "keep being rejected"? Their failure stems from the fact that public school systems are protected monopolies. And public monopolies are the most entrenched of all since they have the greatest power to block the entry of competition into their field of service. The models which best predict and explain the phenomenon derive from the newly developed economics of bureaucracy and the economics of politics. Using some of these I have, elsewhere,[3] explained the technical reasoning that leads to the following predictions:

(1) There will be a tendency towards continual expansion of the public educational bureau's monopoly ("bureaucratic imperialism");

(2) Alliances will emerge between the bureau and the factor supplies (such as labor) it employs;

(3) The bureau will want to offer a *total* output in exchange for a *total* budget with no alternatives to its own proposals. This gives it the same bargaining power as a monopolist offering an "all or nothing" choice.

The prediction of "bureaucratic imperialism" is easy to

2. Milton and Rose Friedman, *Free to Choose*, (New York; Harcourt, Brace Jovanovich, 1980), p. 175.

3. "The Prospects for Education Vouchers: An Economic Analysis" in *Papers on State Controlled Educational Processes*, ed., Robert B. Everhart, (San Francisco; Pacific Institute, forthcoming 1980).

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document. In Canada and the U.S. the increase of school district size has been especially rapid in recent years, and administrators have given this process the appealing name of "consolidation." The decline of the local school board has been conspicuous. Power has been shifting from the local communities to the city, the county, the state, and now, to an increasing extent, to the federal government. The share of local funds in the revenues of U.S. public schools has fallen from 83 percent in 1920 to less than 50 percent today. U.S. state governments currently provide more than 40 percent while the federal government's share has risen from under 2 percent in 1940 to about 8 percent today. Meanwhile the creation of the U.S. Department of Education last year is in line with the same trends.

The second prediction, namely an alliance between factor supplies (such as labor) and the bureau, is also easy to substantiate. The organized teaching profession in general has supported the development of the central monopoly bureau from the beginning. They are now in a tacit alliance to resist the threat to their monopoly that vouchers represent. Virtually every prominent teachers' organization opposed the Packwood/Moynihan proposals for tax credits (a close alternative to vouchers) in 1978.[4]

The third prediction of an "all or nothing" budget, is closely connected with the bureau's control of proposals for educational expenditure. Such control is best achieved after the fullest growth of district size has been accomplished. In the smallest of communities where there are, say, only three families, each has a clear incentive to get its own budget proposal placed on the agenda. The costs of individual citizen participation are here quite low and the outcome will be determined by the middle (median) voter's preferred budget size. As the school district

4. Organizations officially opposed to the 1978 tax credit proposal included: The American Association of Colleges for Teacher Education; American Federation of Teachers, AFL-CIO; The American Association of School Administrators; The American Federation of State, County and Municipal Employees; Council of Chief State School Offices; Council of Great City Schools; The National Association of Elementary School Principals; The National Association of Secondary School Principals; The National Association of State Boards of Education; The National School Boards Association.

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grows, the probability of any single individual's being the median voter will be reduced. With a population of three he has a one-in-three chance; but with a population of a hundred thousand he has only a one-in-a-hundred thousand chance.

In these circumstances we can expect voter apathy, low participation rates in voting, and an erosion of the incentives for voters to inform themselves on the different proposals for educational expenditures. It is therefore more likely that proposals will be put on the agenda that compete with that offered by the single-minded "bureau alliance" of administrators, school principals, teachers, and support staff. And where there is no competing budget proposal, the bureau has the greatest power of achieving its maximum demands. In other words, if the only alternative to the monopoly bureau's offered budget is "nothing," the bureau is in the best position to squeeze the highest revenues from the voter-taxpayers. But with vouchers, the alternative to the use of public schools ceases to be "nothing." The power to squeeze the taxpayer is then significantly reduced.

We can therefore predict that the established bureau will be hostile to voucher schemes' ever finding any place on the agenda. The theory also predicts that if there is *unusual* political pressure for them, the bureau will insist that the vouchers be spent only within the public system. Indeed, if a voucher "experiment" means *additional* money for the public budget, it might even be welcomed by the bureau.

William Niskanen has argued that the logical constitutional reform to combat the single monolithic administrator is creative overlapping bureaus.[5] With several bureaus some competition will occur and the hostility to vouchers will then be less. Indeed, it is possible that one bureau, in competition with others, might actually champion vouchers if the result was to direct funds and the new responsibility to itself.

Voucher Failures in the Past

Let us look at recent voucher experiments in light of this theory. One possibility appeared in New Hampshire, where the Chairman of the State Board of Education, William P. Bittenbender, happened to be an enthusiast. The cooperation of

5. William Niskanen, *Bureaucracy and Representative Government*, (Aldine, 1971).

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parents and administrators in this state was obtained and federal funds were available to back up the proposed experiment. Yet, at the last minute, one community after another withdrew support after persuasion by the local superintendent of schools or other prominent member of the educational establishment.

But if the bureaucracy is such an obstacle to vouchers, why did they get as far as they did? It is clear from our previous argument that for them to gain a place on the public agenda they must have some fairly solid constituency in the political world. But recall the argument that the prospects are better where several bureaucracies exist. The voucher systems of the 1970s were in fact sponsored and encouraged by a *new bureaucracy* competing with the established agencies. The former, the Office of Economic Opportunity (OEO), in need of public activities to justify its continued existence and the expansion of its budget, regarded the voucher system as a suitable candidate. In the opinion of David Cohen and Eleanor Farrer, the emphasis on the need for *experiment* gave the voucher scheme in those days a "social scientific" and "trendy" appearance.[6] But what was to transpire was a conflict between two bureaucratic "gladiators."

Initially OEO appeared to have support from the top since it found interested administrators and school board members in several school districts. But after the latter discovered the full implications of vouchers, and after much federal money had been spent, full cooperation began to lag. The New Hampshire example was a conspicuous case.

Almost desperate for a new volunteer to test vouchers, the OEO at last found a willing subject in the superintendent of the Alum Rock District in California. He was anxious for *decentralization* of schools. The major obstacle was lack of funds since Alum Rock was a poor area. When OEO failed elsewhere, the superintendent "quickly learned that OEO and CSPP needed him more than he needed them."[7]

6. David K. Cohen and Eleanor Farrer, "Power to the Parents? — The story of Education Vouchers," *The Public Interest*, Number 48, Summer 1977.

7. Ibid., page 82. The CSPP is the Center for the Study of Public Policy. It worked on the implementation of vouchers with a grant from OEO.

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The voucher compromise that emerged had crucial built-in failings. According to the voucher theory, for instance, education "firms" that are successful in meeting family preferences and increasing student achievement in competitive markets immediately enjoy expanded incomes via increased enrollments. The same incentives were initially attempted at Alum Rock but soon became blunted. Teachers whose enrollments dwindled were cushioned by salary support or relocated by the administration. At the same time successful teachers received no direct rewards. And when parents chose some schools more than others, as was inevitable, the bureaucracy placed arbitrary limits upon enrollment.

Recall, too, that if vouchers are to overcome resistance of the establishment, they must be confined to the public sector. The established bureaucracy will thus enjoy extra funds and keep control of a potentially threatening experiment. And the Alum Rock experience was consistent with this prediction. Private schools were excluded from the scheme and vouchers thus kept within the public fold.

While Professor Friedman's voucher is intended simply to ensure more efficiency and competition, the Alum Rock version was weighed down with other more complex objectives. These included attempts to promote equality, to protect minorities and poor students from discrimination, and to protect consumers from "bad schools." Detailed and complicated admission policies consequently appeared which reduced the freedom of schools to choose applicants and applicants to choose schools.

Ultimately the voucher attempted at Alum Rock was nearer to that proposed by Christopher Jencks.[8] His plan, significantly enough, was designed to produce yet another bureaucracy: "the education voucher agency" which, besides distributing vouchers, would also provide consumers with information to help them make "informed choices." Linked with this responsibility was that of monitoring the quality of schools. Again, Alum Rock copied this idea in establishing its Education Voucher Advisory Committee (EVAC).

Professor Friedman has recently stressed the failure of the Alum Rock system to allow parents to supplement vouchers.

8. Christopher Jencks, et al., *Education Vouchers: A Report on Financing Elementary Education by Grants to Parents*, (Cambridge, Massachusetts: Center for The Study of Public Policy, 1970).

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What it boiled down to was a "voucher" system of so-called "mini-schools" within the existing public system, each with a different curriculum. For three years, parents were allowed to choose among these constrained alternatives. The major institution involved, the McCollam school, was able to build its own curriculum so as to match the children's needs. This residual advantage, the delegation of authority to the local school and the limited choice of parents, seems to have had a significant effect. The test scores of the McCollam school went from thirteenth to second place among the schools in its district. If one school in the public sector does conspicuously better than others, however, the bureaucracy is faced with a difficult problem. If it is to make a full market response, it should expand the plant (school) that is popular and contract or shut down the disfavored plant (school). But such procedure would make the bureaucracy unpopular with many of the personnel involved, and, as previously explained, the bureaucracy usually tries to maintain some form of alliance with them.

Opposition by Academics

But vouchers have bounced back into public discussion. This testifies to their appeal to the voters and to the inadequacies in the reasoning of the opposition. That opposition has always included the academics. This is not entirely unexpected since they are often indistinguishable from members of the central bureaucracy — especially the professors in university education departments who rely largely on official research grants. The criticism of vouchers by this vocational "intelligentsia" is based on *a priori* speculation that several frightening consequences will follow. A critical review of such arguments is timely.

They argue that the voucher's reliance on choice and competition will produce retrogression. The main reason is that the rich will be able to flee from the poor and from the minorities. This is purely conjectural. None of the opponents wants a *real* experiment using choice, competition, and private schools in order to generate relevant and testable data.

By the late 1970s, however, taxpayers had received more telling lessons of the educational retrogression and extravagance within the present *public* system. Consider, for example, the 58 percent nominal, and 11 percent real, increase in the costs per pupil between 1972 and 1977 alone. Over this same period U.S. public school staff increased 8 percent. Yet the number of

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students decreased by 4 percent. And the signs are that educational *quality* declined even more. SAT scores for mathematical ability fell steadily over this period. Measured verbal skills also dropped and at a greater rate.

Ultimately, too, the inefficiency of the bureaucracy could recoil against it. There are signs that bureaucrats can exaggerate their self-interested and financial targets and promote backlash among voters. Thus the demand for fundamental education reform spearheaded by Proposition 13.

Consider, moreover, a typical contention:

> But, what makes the voucher approach unique is that parents will be able to send their children to schools that will reinforce in the most restrictive fashion the political, ideological, and religious views of the family. That is, school will be treated as a strict extension of the home, with very little opportunity for students to experience the diversity of backgrounds and viewpoints that contributes to the democratic process.[9]

The emphasis of this passage is on the need to protect democracy. Yet it is at odds with the whole implication of the quotation, which is that parents cannot be trusted to make decisions because their tastes have been conditioned by suspect forces. Individuals, it seems, should be protected from themselves, especially when they make decisions with long-run consequences. It is bad enough when an individual family makes decisions concerning long-term durables such as housing, cars, and occupational choice. But when it comes to education, the consequences are so grave as to warrant some special interference.

But if individuals can make serious mistakes when expressing their own preferences directly about education, they will presumably make even worse mistakes when selecting their political representatives who will subsequently control public education. Herein lies the basic contradiction in Dr. Levin's argument. His reasoning, while purporting to pay respect to democracy, strikes at its very basis, which is a citizenry that is informed, responsible, and self-reliant.

It is a paradox, too, that in the same quotation Dr. Levin

9. Henry M. Levin, "Educational Vouchers and Social Policy," Program Report Number 79-B12, (Stanford University, School of Education; Institute on Educational Finance and Governance, October 1979), p. 17.

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asserts that individual choice will discourage confrontation with a diversity of experience and viewpoints. For a long time it has been believed that it is free public schooling that does this. As John Stuart Mill expressed in his essay *On Liberty*:

> A general state education is a mere contrivance for moulding people to be exactly like one another: and as the mould in which it casts them is that which pleases the predominant power in the government, whether this be a monarch, a priesthood, an aristocracy, or the majority of the existing generation; in proportion as it is efficient and successful, it establishes a despotism over the mind, leading by natural tendency to one over the body.

Dr. Levin's reasoning against choice tells us more about his supporters than it does about the voucher system. He is alarmed that individuals might make choices of which the voucher's opponents do not personally approve. Dr. Levin is concerned, for instance, that with freedom of choice. Black Panther schools would provide an education critical of the whites, Roman Catholic schools would fail to offer sex education, and other private schools would not expose students to a debate on the virtues of medicare and public assistance.

The Coons/Sugarman Voucher Proposal

Nevertheless, authors such as Professors John Coons and Stephen Sugarman of Berkeley, who support vouchers on the grounds that they promote "family choice," should pause to consider the potential contradictions in their own latest proposals. These proposals contain compromises to mollify the political opposition. The Coons and Sugarman scheme includes a complex battery of special provisions to protect individual social planners from losing various responsibilities. In some respects it enhances the bureaucrats' province. Thus there are special restrictions to prevent desegregation. Schools that become crowded will "resolve the congestion" by means of lotteries organized by a public agency. Betraying their lack of *real* confidence in competition, Professors Coons and Sugarman give the *legislature* responsibility for encouraging "diversity and experimentation in content, style and environment of education." Finally, and again echoing Professor Jencks's plan, the legislature is also to provide "a thorough system of information concerning public and private scholarship schools." The poten-

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tial for the further growth of the bureaucracy through these provisions is obvious.

But the most conspicuous restriction is that against add-ons to the voucher. Its purpose is to stop people from choosing "too exclusive" an education. Yet the proposals are described as a scheme for family choice, and the dictionary definition of "to choose" means to take by preference out of *all* alternatives that are available. Choice cannot be substantially constrained, coerced, or predetermined, and remain choice. But constrain it the Coons/Sugarman plan certainly will.

In their recent book they express their objection to Professor Friedman's add-ons as follows:

> Families unable to add extra dollars would patronize those schools that charged no tuition above the voucher, while the wealthier would be free to distribute themselves among the more expensive schools. What is today merely a personal choice of the wealthy, secured entirely with private funds, will become an invidious privilege assisted by government . . . this offends a fundamental value commitment – that any choice plan must secure equal family opportunity to attend any participating school.[10]

Yet consider more closely this fear that schools for the poor will proliferate under an unrestricted voucher system. In one sense the debate is between people with two sets of values: those who hold the reduction of inequality to be the primary social objective, and those who put liberty first. Those opposed to add-ons are egalitarians, while Professor Friedman's supporters are libertarians (although, as we shall show, he himself argues that equality is in this case complementary with liberty). In their anxiety to meet this imagined conflict of values, Professors Coons and Sugarman have proposed a complex set of rules aimed to prevent the further aggravation of inequality. Similarly, their special rules aim to protect "social integration," which they believe is better pursued under government rather than private leadership.

The major deficiency in their argument is the lack of any systematic appeal to the evidence. It is true that in one sense

10. John E. Coons and Stephen D. Sugarman, *Education by Choice: The Case for Family Control*, (Berkeley; University of California Press, 1978), p. 191.

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this is impossible, because no voucher system exists. Evidence is available, however, on existing independent and public schools. Many opponents of vouchers or unrestricted vouchers tend too hastily to compare their vision of an imperfectly operating voucher and independent school system with some *ideal* vision of a public school system instead of the flawed system.

Consider, for instance, the question of segregation by income and race. The question is whether wealthier children in independent schools are more racially isolated than wealthier children in public schools. In the suburban areas of New York there is, on average, not more than 2 percent minority enrollment in public schools and the proportion of low-income children attending is also tiny. But forty-four private schools in New York City that are members of the National Association of Independent Schools were found, in a recent survey, to have *a minority enrollment of twice the national average.* And in half of the Western states, there are more members of minority groups in private schools than in public schools.[11] Such evidence at least undermines the view that liberty will have the dire consequences the academics and social planners predict.

The argument that a voucher system will lead to a separation of rich from poor families assumes that independent schools are exclusive havens of the rich. This is wrong. All income groups use private schools. The family incomes of private school students, moreover, are remarkably similar to the income distribution for the entire American population.[12]

A strong argument can be made, indeed, that the tendency to a separation between rich and poor families is encouraged more by the present *public* system. Seventy-nine percent of the wealthiest families in the U.S. enroll their children in public schools, thereby benefiting from public subsidies covering 100 percent of the costs.[13] And their subsidies are typically larger

11. National Center for Education Statistics, *Statistics of Nonpublic Elementary and Secondary Schools 1970-71*, p. 16. See also NCES *Condition of Education 1977*, p. 76.

12. U.S. Bureau of the Census, Statistical Abstract of the U.S.: Washington, D.C., 1975. And U.S. Bureau of The Census: Current Population Report, October 1974, "Social and Economic Characteristics of Students."

13. National Center for Educational Statistics, *Condition of Education*, 1977.

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than those received by poor families. In 1977 for instance, in one New York metropolitan area the highest spending public school district spent $8,600 per child compared with the $3,115 per pupil spent in the New York City public schools.

As Dr. Thomas Vitullo-Martin has recently observed, the property taxes that all public school parents have to pay to support such expensive public schools are tax-deductible. One interpretation of this means that the federal government pays, in effect, one half or more of the tuition bill for these "free and public" schools.[14] Another irony is that the high cost of suburban public schools restricts their intake to the local population of high income families via strict zoning laws. Clearly those who emphasize equality should prefer an equal-valued voucher scheme (with or without add-ons) to the present public school system. To defend the latter as an instrument for equity is to defend a vision of public schools that simply does not exist.

It is from such empirical reasoning that Professor Friedman concludes that his scheme does *not* involve a trade-off between equality and liberty; both goals can be pursued simultaneously. He attempts to render this view plausible by asking whether there is any category of goods and services, the availability of which differs more widely among economic groups than the quality of schooling.

> Are the supermarkets available to different economic groups anything like so divergent in quality as the schools? Vouchers would improve the quality of schooling available to the rich hardly at all; to the middle class, moderately; to the lower-income class, enormously. Surely the benefit to the poor more than compensates for the fact that some rich or middle income parents would avoid paying twice for schooling their children.[15]

The Friedmans protest that the Coons/Sugarman argument against add-ons is an "example of the tendency of intellectuals to denigrate parents who are poor." We have no reason to believe, they insist, that add-ons would not be as numerous among the

14. Dr. Thomas Vitullo-Martin, Testimony at the Hearings of the Senate Finance Committee on Tuition Tax Credit Bill S. 2142, January 8, 1978.

15. Friedman and Friedman, *op. cit.*, p. 169.

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poor as among others, even though they would be in smaller amounts.

Vouchers to Cut Taxpayer Burdens

Despite the failure of the public schools in achieving their stated goals, the final injury is the fact that *the average per pupil cost in the system is about twice that in the private sector.* This is a high price to pay for a service that fails in its objectives. In the school year 1977-78, for example, the average current expenditure per pupil in private schools was $819, while in public schools it was $1,736 – or more than double the private school figure. All kinds of arguments have been advanced to explain such cost differences. But even in total, the arguments do not convincingly explain the full disparity.[16]

If the private system were to disappear, as many voucher opponents seem to desire, the last remaining checks to the monopoly powers of the public system would vanish and the costs of public education would rise still further. But it is surely the expensiveness of the public system that has kindled the voters' interest in vouchers. Since they are seeking economies, the cost-cutting potential of a *properly designed* voucher system could find fertile soil.

The finding that public schools cost twice as much as private schools will not surprise economists. Recent empirical research demonstrates that public firms *typically* produce output at much higher costs. On the subject of private contracting versus the public supply of fire services, for instance, one economist has found that the private firm produced the same effective service for one-half of the cost. Another has estimated that there is a 40 percent saving in private over public arrangements for garbage collection. A further econometric study has found that the private regulated firm in Australian domestic air services enjoys higher productivity for its inputs than does the government airline, though by law their routes and travel time are equal and equipment identical. In ship repair, weather fore-

16. For a critical review of these arguments *see* E. G. West, "Education Tax Credits: The Potential Gain for Taxpayers," presented at the A.E.R.A. Meetings, Boston, April 7, 1980. The figures for school expenditures quoted here are taken from the National Center for Education Statistics Bulletin, Department of Health, Education and Welfare – Education Division, October 23, 1979.

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casting services, and debt collection, new research findings to be published this year (based on U.S. General Accounting Office material) calculate that costs are at least double or triple in the public as opposed to the private sector.[17]

Viewed in this perspective, the findings that public school costs are twice those in private schools are not particularly surprising. But there is an interesting implication concerning the "correct" financial value of the voucher. A system that is designed to encourage more competition *should employ vouchers that reflect the cost of the most efficient service.* On the available figures, therefore, a voucher worth about only one-half of the present average expenditure on public schools would be appropriate. The Coons/Sugarman plan suffers from an additional shortcoming in this respect. The value of their voucher is fixed at 95 percent of the cost in public schools. Clearly this is far too high and may even generate further losses to taxpayers.[18] On the other hand, we can predict that a voucher equal to about one-half of the cost of public schooling would cause significant marginal switches from the public to the private sector, affording considerable gains to taxpayers. So designed, it would be best able to capture the increasing support of taxpayers.

The Coons/Sugarman proposal, which failed to get on the California ballot for 1980, could well be reformed in light of the disadvantages just discussed. Opinion polls have shown that had the Coons/Sugarman scheme qualified for the ballot this year there would have been a close vote. Even so, there is still a strong possibility that it was the complexity and high financial value of the Coons/Sugarman voucher proposal that were its chief drawbacks.

Considering that public education in the U.S. now receives so much of its funds from state revenue sources, the system will certainly be likely to face considerable pressure from the top if future Proposition 13s are successful. One retaliation that public schools are increasingly resorting to, especially in California,

17. Full references to the studies mentioned in this paragraph are contained in T. E. Borcherding, "Towards a Positive Theory of Public Sector Supply Arrangements" (Vancouver, Canada: Simon Fraser University, Department of Economics and Commerce), Discussion Paper 79-15.

18. E. G. West, *op. cit.*

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is the imposition of direct fees on parents for sports, laboratory use, field trips, and other activities. Any severe reduction in future state tax revenue will surely put further pressure to raise fees still higher. The interesting point is that insofar as user fees do come back into public education, this itself will bring competition back to the whole field of schooling.

It is a nice point of debate, indeed, whether it will be better to wait for this development to achieve the same objectives that the voucher advocates espouse. The advantage of relying on the return of tuition fees is that there will be a lower administrative cost. Another advantage is that there are no constitutional obstacles. When people pay their own money directly from their own pockets, there can be no issue of "state aid," and thus no possible violation of the First Amendment. But the voucher system, even if it eventually succeeds, will ultimately have to face a Supreme Court ruling as to its constitutionality. Hitherto the Court has generally ruled against state assistance to parents who send their children to parochial schools. It is true, admittedly, that so far it has not had to rule on a comprehensive voucher plan that covers both public and nonpublic schools. Nevertheless, the uncertainty remains.

We have shown that in the U.S. the greatest obstacle to the return of competition and choice to education is the established educational bureaucracy. But in parts of this country ordinary citizens are privileged with avenues of political retaliation not available in other parts of the world. Those avenues include the constitutional initiative. And it is this rather than any other weapon that is most likely to pioneer significant educational changes. California, often the bellweather of national trends, is clearly the state to watch.

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The Case for Plant Closures

RICHARD B. MCKENZIE

When he introduced the National Employment Priorities Act of 1977,[1] Rep. William Ford (D. – Mich.) was concerned mainly with restricting the movement of business from the "frost belt" to the "sun belt." He called the industrial shift "the runaway plant phenomenon." This year he has expanded his vision and introduced legislation (a substantial revision of the earlier bill but under the same title)[2] that will severely penalize firms that want to cease operations for *any* reason. And the legislation is not limited to the "corporate giants," the favorite whipping boy of the new left; it applies to any firm that has as little as $250,000 in annual sales.

In 1977 Rep. Ford was content to penalize firms that moved "without adequate justification" by denying them tax benefits associated with moves and requiring them to give a two-year notice of their intention to relocate. This year he proposes that any firm that shuts down must (1) effectively give its employees fifty-two weeks of severance pay; (2) pay the community an amount equal to 85 percent of one year's taxes; (3) offer the affected employees jobs at other plant locations with no cut in either wages or fringe benefits and pay moving expenses for a period of three years; and (4) if it decides to move abroad, pay the federal government an amount equal to 300 percent of one year's total lost taxes. As in earlier proposed legislation, the new Ford bill requires an advance notice of plant closings (up to two years) and provides for a variety of governmental aid to affected workers and communities and, if closings can be prevented, to firms.

1. U.S. Congress, *National Employment Priorities Act of 1977* (H.R. 76). For a summary of the major provisions of the Act, *see* Richard B. McKenzie, *Restrictions on Business Mobility: A Study in Political Rhetoric and Economic Reality*, Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979, pp. 1-6.

2. U.S. Congress, *National Employment Priorities Act of 1979* (H.R. 5040 and S. 2400).

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Once concerned primarily with the economic harm caused by the movement of firms, Rep. Ford and his followers have now broadened their case, and the political appeal of their legislation, by stressing the economic *and* social costs of all plant closings. In introducing this year's bill, Rep. Ford notes that workers displaced by plant closings have a suicide rate thirty times the national average and "suffer a far higher incidence of heart disease and hypertension, diabetes, peptic ulcers, gout, and joint swelling than the general population. They also incur serious psychological problems, including extreme depression, insecurity, anxiety, and the loss of self-esteem."[3] Barry Bluestone and Bennett Harrison, in their study for the Progressive Alliance, echo Rep. Ford's sentiments and conclude: "Unplanned, uncoordinated growth without adequate attention to national development leads to many of the same problems that we see in the emerging ghost towns – growing inequality in income and wealth, loss of local control over resources, congestion and pollution, and skyrocketing crime."[4]

Arguments offered three years ago in favor of restrictions on business movements had only flimsy and misleading empirical support. Proponents apparently found that arguments pitting the North against the South had (120 years after the Civil War) little emotional and political appeal. Virtually anyone could see that restrictions designed to retard the economic development of the South would work to the detriment of the North. This year, by tugging on the heartstrings of all workers and communities that have experienced plant closings, the movement has veered sharply into new political waters, and the empirical support has become somewhat more sophisticated. However, the statistical claims still grossly distort economic reality, and the arguments offered in support of the restrictions remain inane, thin veils for the socialist's dream of strong central control of the economy.[5]

3. Rep. William Ford, "National Employment Priorities Act of 1979," *Congressional Record – House*, August 2, 1979, p. H-7240.

4. Barry Bluestone and Bennett Harrison, *Capital and Communities: The Causes and Consequences of Private Disinvestment*, Washington: The Progressive Alliance, 1980, p. 103.

5. For a detailed statement of the type of ideology that underpins the movement for restrictions, *see* Bluestone and Harrison, *op. cit.* For additional views of the supporters of restrictive legislation, *see* Edward Kelly,

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Unemployment and Corporate "Social Duties"

In the past, proponents of restrictions on business movements focused attention on the loss of more than a million northern manufacturing jobs in the previous ten years or so. Now that those job losses have evaporated with the resurgence of manufacturing employment, especially in the North, their attention has switched to the total number of jobs *destroyed* by plant closings nationwide. Hearing the proponents' claim that over 15 million jobs have been lost from plant closings during the last decade,[6] one gets the impression that employment is actually falling nationwide – *which it is not*. Indeed, between 1969 and 1979 total employment rose by about 20 million, or by 25 percent, meaning that the number of jobs *created* during the period was in the neighborhood of 35 million (or about 44 percent of the total number of jobs in existence in 1969).[7] The point is simple: the free market economy that advocates of restrictive legislation disparage as destructive of the social good and harmful to the interests of workers has done reasonably well in providing people with the working opportunities they need. The proponents' myopic concentration on job losses is on par with an evaluation of the banking industry by focussing solely on withdrawals. Such an evaluation leads inextricably to the conclusion that all banks will eventually close.

Backers of this new restrictive legislation fervently contend that firms have a social responsibility to their workers and to the communities in which they exist, a responsibility that extends beyond the labor contract and the shutting of a plant's doors. They point to the social disruption caused by plant closings (and ignore the good that is done): the loss of tax base,

"The Industrial Exodus: Public Strategies for Control of Runaway Plants," Washington: Conference/Alternative State and Local Public Policies and the Ohio Public Interest Campaign, 1977; U.S. House Subcommittee on Labor Standards of the Committee on Education and Labor, (95th Congress, 2d Session), "*National Employment Priorities Act* of 1977" (H.R. 76), 1978; and U.S. Senate Committee on Labor and Human Resources, (96th Congress, 1st Session), Hearings on "Employee Protection and Community Stabilization Act of 1979" (S. 1609), October 19, 1979, and on "Plant Closings and Relocations," January 22, 1979.

6. Bluestone and Harrison, *op. cit.*, especially chapter 2.

7. Bluestone and Harrison stress that their estimate of 15 million jobs loss is very "conservative." That simply implies that the number of jobs created during the 1970s is greater than 35 million.

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idle workers and plants, impairment of community services because of lower tax revenues, and higher taxes imposed on others because of higher unemployment and social welfare expenditures. Dayton – a moderate-sized manufacturing city in western Ohio – is, to the proponents, a grand example of what plant closings can mean. In a relatively short period during early 1980, three medium-sized employers, including Dayton Tire Company, a subsidiary of Firestone, announced their intentions to close. Eighteen hundred jobs were lost at the Dayton Tire plant alone. Workers and town officials, interviewed for television, recounted the personal hardship the closings had imposed on themselves, their families, and the communities; and several denounced the company for giving them little notice of the intended closings and for being socially irresponsible.[8] No one seriously contends that firms do not have a responsibility to their communities, but it is hard to accept the assumption that entrepreneurs and their management teams are any less socially responsible than their workers. If nothing else, the development of good community relationships is sensible strictly from a profit perspective. Rather than enlightening listeners and readers, such public stances only camouflage basic underlying issues: Where does a firm's social responsibility end, who is at fault in plant closings, and what are the alternatives open to workers and communities for dealing with the problems encountered when a plant shuts down? Admittedly, plant closings create hardships for some people. The important question to ask, however, is whether the remedy – Rep. Ford's proposed restrictions – is more damaging to social and economic progress than the disease. Further, should a firm's social responsibility remain a moral obligation or be made a legal liability? For any society that wishes to retain the remnants of individual freedom, a sharp but important distinction must be recognized between voluntary acceptance of social responsibility and forced compliance with a government edict.

8. A program on plant closings was broadcast on "The McNeil/Lehrer Report," Public Broadcasting System, June 18, 1980. During the week of June 18, 1980, the "Today" program, National Broadcasting System, ran a series of programs on plant closings, focusing on the closing of Ford Motor Company's plant in Mawah, N.J. Not all workers interviewed appraised the closings in the same manner; a few viewed the closings as an opportunity to take other jobs.

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Through wages and an array of taxes — from property to sales to income taxes — businesses contribute directly to the welfare of a community.[9] Through personal saving, workers can secure their own individual futures against job displacement. Indeed, wages tend to reflect the risk of plant closings: the greater the risk — everything else equal — the higher the wages. The proposed restrictive legislation will, if proponents are correct, reduce the risks of job displacement for some (but by no means all or even most) workers. The reduced risk will lead to a reduction in their wages. These workers will, in effect, be forced to buy a social insurance policy that, because of its national coverage, will not be suitable to many of their individual needs — but may be suitable to the limited number of people orchestrating the legislative drive.

Proponents of the plant closing legislation seem to imagine that in the absence of government restrictions workers will be exploited and, as a consequence, would be unable to prepare in a precautionary way for their own futures. They also imagine that the risk of job displacement will somehow disappear with government restrictions and that the costs of the restrictions, which are either overlooked or presumed to be trivial, will be borne fully by the "firm." However, for a firm like Dayton Tire, employing 1,800 workers and paying the average wage in Dayton in 1979, the costs of the two-year notice, plus the one-year severance pay (at 85 percent of the previous year's pay), plus the fringe benefits, plus the community payments, are anything but trivial; they can easily exceed $110 million! If the National Employment Priorities had recently been enacted and Firestone had been prevented from closing the Dayton plant (along with four others scattered around the country) the company would have possibly had to incur more than a half a trillion dollars in production costs over the next three years, for which it would have been unprepared. Very likely, the financial solvency of the entire company and the jobs of the tens of thousands of other Firestone workers would have

9. It is not at all clear that businesses use more community resources than they pay for. In the intense competition for plants, many communities effectively "pay" plants to locate in their areas through below-cost sewage and wage facilities and interest rates. Whether or not the competition that now exists among communities is socially beneficial is a question that needs careful attention.

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been placed in jeopardy.

To operate in a financially sound manner under such a law over the long run, a company must prepare for the eventual expenditure associated with closing: it can establish its own contingency fund or buy insurance against the risk that it must assume. Either way, the cost will be recovered from wages that would otherwise have been paid, or from higher prices charged consumers, in which case the purchasing power of workers' incomes is reduced. Owners of companies will be hurt by the legislation — no question about it — but that is not the point that needs emphasis. Workers will not escape paying for the benefits received under the restrictions.[10]

Instead of restricting business rights, communities could set aside funds from their taxes, and these funds could be used to alleviate social problems created by plant closings. In the absence of national legislation, communities could set up their contingency fund to meet local needs and to account for the trade-offs that people in the community are willing and able to make. If taxes are not sufficient to set up a contingency fund, then tax rates could be raised. Of course, such an increase would discourage firms from setting up or expanding their operations. But the proposed restrictions have the same effect. They are a subtle form of business taxation that, like all taxes, would deter investment and, thereby, further erode growth in productivity and worker wages. Contrary, perhaps, to the good intentions of its advocates, the new restrictive legislation increases the "social cost" associated with business operations.

Mobility: A Key Economic Liberty

Still, proponents of restrictions insist that firms draw on the resources of the communities and have an obligation to recompensate the community for all of the benefits they received over the years. Proponents are particularly concerned when com-

10. In the narrow case in which a plant is prevented from moving by government restrictions, the workers in the plant may be "better off." However, if all firms are prevented from moving to locations where costs of production are lower, then the workers at any given plant must pay higher prices for the many goods they buy. Further, they will not then have the opportunity of having higher paying plants moving into their areas. On balance and over time, the real incomes of most workers should be reduced by the restrictions.

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panies use their profits made in one place to expand elsewhere. Does not the company owe the community a "fair share" of any future expansion? Messrs. Bluestone and Harrison describe with some eloquence how northern firms are "disinvesting" themselves of their plants in the North by earning a profit and then expanding their operations in the South and West.[11] A principal problem with such a line of argument is that it is perfectly applicable to employees: they also draw on a community's services and the resources of their plant. When they decide to resign their employment and move elsewhere, do they not owe a social debt to their community, and should they not compensate their employers (as restrictive legislation proposes that firms repay their employees and communities)? Through wages received and purchases made on household goods, employees send their incomes out of the community. To be consistent, shouldn't proponents propose that the "public interest" dictates that employees spend a "fair share" of their incomes in the community? Shouldn't employees (and their unions) be told how much of their incomes must be invested back in their companies?

These questions are not intended to make the case for restrictions on employee earnings and expenditures. Rather, the point is that we allow individuals the freedom to do what they wish with their incomes and to move when and where they please for very good reasons. First, a worker's income is only one half of a *quid pro quo*, a contractual agreement between the employer and employee that is freely struck and presumably mutually beneficial. Second, freedom gives workers the opportunity to seek out the lowest-priced and highest-quality goods compatible with their preferences; that very same freedom forces sellers to compete for the purchases of the workers and provides workers with the security of having alternate places to work and buy the goods they want. Third, but foremost, there

11. As indicated in the text above, proponents of restrictions were originally interested in retarding the movement of businesses from the North to the South and only incidentally concerned with the more general problem of plant closings. Now that plant closings have become the focus of the legislation, the movement shows every sign of shifting its attention to controlling and directing the *expansion* plans of companies. The Bluestone-Harrison study, *op. cit.*, seriously questions the right of firm to make a profit in one community and expand in another community. (*See* chapter 8.)

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is the firm belief – call it faith – that people are indeed created with certain "unalienable rights." Individuals know, within tolerable limits, what is best for them in their individual circumstances, and they are the ones best qualified to say what they should do and where they should live – how and where they should invest their resources, labor *and* financial capital. The right of entrepreneurs to use their capital assets is part and parcel of a truly free society; the centralization of authority to determine where and under what circumstances firms should invest leads to the concentration of economic power in the hands of the people who run government. Private rights to move, to invest, to buy, to sell are social devices for the dispersion of economic power.

There are those who think that the case made against this restrictive legislation is obviously an apology for the "corporate giants." Not so. Embedded in the proposed legislation are provisions that effectively institutionalize the Chrysler bailout of 1979 and 1980. The government is given broad discretionary authority to provide unspecified forms of aid to companies that get into financial straits.[12] Effectively, the bill could swing the doors of the federal treasury wide open to any firm sufficiently large and with sufficient political muscle to enlist the attention and sympathies of the Secretary of Labor. The bill destroys, in part, the incentive firms now have to watch their costs and avoid going broke. Because votes are what count in politics, under the proposed law the incentive firms have to avoid losses diminishes as the size of the firm (meaning number of employees) grows.

Large rather than small companies will be most likely to secure access to the discretionary authority of government. Chrysler was "bailed-out" in 1979, not because it was the only firm that went broke that year (there were hundreds of thousands of others), but because it was large and had – through its employees, stockholders, and suppliers – the necessary political clout. We can only imagine what this bill portends for the future.

12. U.S. House, *National Employment Priorities Act of 1979* (H.R. 5040), pp. 34-36.

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Visible and Invisible Effects of Restriction

Supporters of the legislation frequently point to the emotional and physical difficulties of those who suffer job displacement. These problems can be serious; there is no debate on that point. However, the political attractiveness of restrictive legislation can be appraised by the *visibility* of the harm done by plant closings and the *invisibility* of the harm done by restrictions on closings. The hardship associated with closings is easily observed. The media can take pictures of idle plants and interview unemployed workers; researchers can identify and study the psychological effects of job displacement. *On the other hand, restrictions on plant closings are also restrictions on plant openings.* They reduce the competitive drive of business, deter investment, and reduce the growth in truly productive employment – in general, retard the efficiency of the economy. However, it is impossible for the media to photograph plants not opened because of the restrictions on plant closings, or to interview workers not able to find employment (who, as a consequence, develop hypertension, peptic ulcers, and severe depression) because of the inability (or lack of incentive) of firms to open or expand plants.

Proponents contend that they support the "little person," the low-income, uneducated worker, as well as the relatively highly paid, skilled worker, who may otherwise be exploited by the "system." The fact of the matter is that the proposed protective legislation will work to the detriment of some of the lower-income, uneducated, and "trapped" workers in our midst. The legislation imposes a severe penalty on entrepreneurs who seek to establish production facilities where the chance of success is just above the risk of failure. Plants that would otherwise be built, will, with this law, not be constructed. The law would, therefore, work to the detriment of workers in low-income neighborhoods in the inner cities, because that is where the chance of success is often lowest. Furthermore, if the law were ever put on the books, it would freeze in place for a period of at least three years the production facilities of the country. Relatively depressed areas like Dayton, Ohio, would lose one of their best opportunities for recovering from the recent loss of jobs: the recruitment of plants from other parts of the country.

With tunnel vision, limited by the size of the TV screen and fostered by the need to make news accounts "hard-hitting" and

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"dramatic," television coverage often fails to consider the widespread economic growth occurring over time in a particular area. Dayton Tire shut down in 1980; manufacturing employment in the Dayton area was down slightly from what it was in 1970. These are the stories we hear repeatedly. What we do not hear is that total employment in Dayton and in Ohio rose during the 1970s by 10 and 16 percent, respectively; that the average weekly wage in Dayton is 50 percent higher than what it is in Greenville, South Carolina[13]; and that earnings during the 1970s, after adjusting for inflation, rose modestly but several times faster than the earnings in the rest of the country. These are the good things brought about, to a significant extent, by the ability of firms to adjust – by closings and openings – to changing economic circumstances.

It is difficult to measure the value of goods that are never produced because of the greater (government imposed) cost of capital. Nonetheless, if the legislation is passed, goods will go unproduced and many of the goods produced will be things consumers do not want. Firestone closed Dayton Tire because it produced bias-ply tires. The tire market had, only months prior to the announced closing of Dayton Tire, gone sour; domestic car sales plummeted with the general downturn in the economy due to higher automobile prices (brought on partially by safety and environmental regulations), higher fuel prices, and the shift in consumer tastes to smaller imported cars. In addition, consumers revealed through their purchases that they wanted safer, more fuel-efficient, and more reliable radial tires. If Firestone had been required to keep the Dayton plant open, along with five others scheduled for closing, Firestone would have been forced to produce tires that consumers did not buy, or consumers would have been forced to purchase bias tires that they did not want.

If either Rep. Ford's bill or the Senate version of Senator Donald Riegle (D-Mich.) is ever passed, its victims will be largely invisible. Disenchanted consumers and unemployed workers may very well not realize they have been victimized; and if they do realize it, they will probably be unable to determine who is at fault. Therein lies the political appeal of

13. Greenville, South Carolina, is a city near a plant opened by one of the firms that left Dayton.

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restrictive legislation; Rep. Ford and others can champion this cause of the political left without ever confronting those harmed by it.

Rep. Ford, Mr. Bluestone, Mr. Harrison, and others dislike the fact that in the American economic system, businesses strive for profit. They fear that without government rules and regulations, employees and communities will be left without "protection." They seem to imagine businesses as giant, voracious octopuses, totally unconcerned about their community and workers, willing to do anything for a buck. To Rep. Ford and his supporters profit is a "four-letter word." Although it is hard to argue that businesses are any less socially concerned than the government bureaucrats who run control programs, we must acknowledge that profit is the basic driving force behind the business system – *and it should be*. It is the motivating force that gives rise to competition, to new and better products for consumers, and to cost savings. And the drive for profits provides workers and communities with the primary means of keeping the businesses they have, and expanding their business tax base. By holding taxes and wages in line with the competition, workers and communities can induce firms to stay and expand – to buy out and to put back in operation those plants that are closed. Contrary to what is so often written and heard, profit provides protection.[14] Unfortunately, many of the advocates of the restrictive legislation – including unions – don't want to meet the competition. Proponents Bluestone and Harrison say as much:

> Trade unionists are especially concerned with how firms use capital mobility to keep labor off guard, to play off workers in one region against those in another, and how the threat of capital relocation is used to weaken labor's ability to resist corporate attacks on the social wage itself.[15]

14. On "The McNeil/Lehrer Report" (*see* footnote 8) workers expressed dismay that Firestone was asking $20 million for a plant it felt compelled to close. Actually, the workers should have been elated with the "high" price tag. A high asking price tends to indicate that the plant has a market value, an alternative use to some other firm willing to pay the price for the facility. A selling price approximating zero would tend to indicate that the plant has no alternative use and that the plant and workers will tend to remain idle.

15. Bluestone and Harrison, *op. cit.*, p. 7

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What advocates of restrictions seem to want is protection from competition and from threat of pricing themselves out of the market. Consumers and taxpayers should be gravely concerned about plant closing restrictions. As the bill is now written, it hands over to unions the power to price labor out of the market – to turn a profitable concern into a losing proposition – and then gives them access to the coffers of the federal government for a "bailout" or "buyout."

Limitations on Reinvestment

Proponents point out that many plants are closed not because they are losing money, but because they can make more money elsewhere. The defect in the argument is obvious. No profit-making firm will intentionally shut down a plant that is truly profitable – one that is actually more than covering the risks of doing business and what Peter Drucker calls the costs of staying in business.[16] It is a blatant contradiction to suggest that "money grubbing capitalists" will deny themselves profits by shutting down profitable plants. Of course, firms must always keep an eye on their competition, and must constantly look to the future. At times, a firm may close a plant because of cost savings and greater profits at another location. It knows that if it does not take advantage of lower production costs elsewhere, someone else surely will; and this someone else will be able to undersell and out-compete other producers.

Dayton Tire was, at the time of its closing, making a paper profit. Using an accounting system common in large companies, Firestone on paper "bought" tires from the Dayton plant at a price above plant costs. However, after adding in warehousing and marketing costs, the total cost of the tires produced

16. Peter Drucker, *Managing in Turbulant Times* (New York: 1979). Modern inflation tends to mislead people into thinking that businesses are more profitable than they actually are. Because costs of plants and equipment used on profit and loss statements tend to be based on their historical purchase prices, and not on their higher replacement prices, and because revenues are computed from current sales at current prices, profits of businesses tend to be substantially over-stated, perhaps by as much as 30 or 40 percent. Some businesses reporting profits during these inflationary times are actually losing money. *See* Richard B. McKenzie, "What We Have Learned from Inflation: Ten Short Lessons" (Clemson, S.C.: Economics Department, Clemson University, 1980).

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exceeded the price that could be charged in the market. In short, the production of this tire was really not profitable.

Granted, as proponents of restrictions contend, there are companies that use plants as "cash cows" – a means of securing a flow of funds through the depreciation of buildings and equipment. Again, however, no plant will be intentionally "depreciated away" if, in the long run, its operation is expected to be profitable. Plants are allowed to depreciate to oblivion for one overriding reason: replacement of buildings and equipment at current prices and continued operations will mean future company losses. From this perspective, a company that operates a "cash cow" is, if anything, extending the life of the plant, *not* cutting it short. The company is using the buildings and equipment (both of which are scarce resources) to their fullest – the economical thing to do. (From a social perspective, is it better to have equipment that is no longer economical to replace sit idle, or be used until it is no longer productive?)

Proponents of restrictions are especially concerned about the foreign investments of domestic firms. As Messrs. Bluestone and Harrison have written, "dollars invested abroad are unavailable for economic development at home."[17] The deduction all too readily (and incorrectly) drawn is that foreign investment denies American jobs. On the contrary, foreign investments and production actually allow Americans to take higher-paying jobs created by trade. And what is the probable effect of Rep. Ford's bill on foreign investment? It seems clear that American companies will have one more reason to set up production facilities in countries that do not have similar restrictions. Foreign firms will have less of an incentive to invest in our domestic economy. Finally, when firms do invest in this country, they will, because of the severance pay requirements, be inclined to substitute capital for labor, to establish more automated plants than would otherwise be economically desirable. We must never forget that restrictions on plant closings in the U.S. are equivalent to an excise tax businesses must pay on their use of labor in the domestic economy. Such a tax can only reduce the demand for labor.

Finally, the proposed law authorizes the Secretary of Labor to provide financial aid to displaced employees who would

17. Bluestone and Harrison, *op. cit.*, p. 27.

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like to buy a closed plant and continue its operations. This provision is based on the presumption that many profitable plants are closed. If that is true, then the employees really don't need the aid; private investors should be willing to provide the necessary financial capital. Indeed, employees and their unions should be able to raise the money among themselves. After all, working people do save and invest. Private pension funds have hundreds of billions of dollars in assets, and a profitable plant should be a good investment.[18] If funds cannot be raised privately, this would indicate that the plant is not potentially profitable and taxpayers, who then must foot the bill for the purchase, will be taken for another welfare ride.

Furthermore, without government aid, the proposed restrictions on firms very likely will reduce the chance that employee-owned and -managed businesses might be financially successful. If this bill is enacted, the employees – as the owners – will then be the ones who have to assume the risks and costs that the proposed restrictions impose on the firm. *They* will be the ones who will be responsible for giving the two-year notice, fifty-two weeks of severance pay, and restitution to the community. *They* will be the ones who might see their savings go up in the smoke of a lost cause and the extended period of time they must wait before they could close their doors. The chances, for example, of the Dayton Tire workers making their plant a going and profitable concern are very slim at best, especially without the management skills, the licenses and patents, the warehousing and distribution capabilities, and marketing talents that would probably not be sold with the plant but would be retained by Firestone. The workers, if they own the plant, would have to look squarely and soberly at the stark facts of the bias tire market faced by Firestone and ask whether they are willing to take the implied market- and government-imposed risks. With the proposed restrictions on

18. Many of the proponents of restrictions seem to think that businesses are almost totally owned by higher-income groups, not people of the working class, and that the costs of the restrictions borne by businesses will inevitably be imposed on higher-income groups. However, through the investments of their pension funds, workers and their unions have a substantial stake in the profitability of businesses. Restrictions on plant closings can seriously affect the retirement incomes of present and future members of all income classes.

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the books, it appears that, without government aid, the employees will be less willing to put their money where their hearts are. Certainly, if they take time to reflect on their other job opportunities, they will have second thoughts about investing in their own firm.

Regardless of how inane the proponents' arguments are, they are blessed with tremendous emotional appeal. Still, the expanded scope of the proposed restrictive laws guarantees that, if they are enacted, domestic plants and equipment will become economic hostages of the state. Opponents of the legislation must keep that basic fact before the public and the Congress and must assert over and over the beneficial effects of the free flow of domestic resources. They must also stress the one constructive means by which employees and communities can prevent and overcome problems created by plant closings: meet the competition. Those communities, especially in the North, that are having difficulties keeping and expanding their industrial base should search for ways to attract industries and induce them to stay. There are many areas of the country, like Spartanburg and Anderson, South Carolina, that are having tremendous success in building a solid industrial base. Other communities should take a look at what they are doing, and duplicate (and expand upon) their efforts. Through appropriate, competitive positioning of wages and taxes, workers and communities can ensure that firms can cover their costs of doing and staying in business. This is not intended to be a pro-business position. Rather, it is a pro-people and pro-freedom argument. Appeals to the private interests of entrepreneurs *and* workers (and not to the restrictive, coercive powers of government) will remain the hallmark of a free society.

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The International Politics of Contraception

JACQUELINE KASUN

It is one of the curiosities of our age that, despite the weight of the evidence, arguments, and scholarly opinion against it, the doomsday view of the so-called "population explosion" prevails virtually unchallenged within the United States foreign aid bureaucracy. No one who follows the Congressional hearings on foreign assistance can fail to be impressed with the depth of the official U.S. commitment to population control abroad. Paul Ehrlich's "population bomb" and Kinsley Davis's "plague of births"[1] have carried the day in official aid circles.

In his 1978 testimony on foreign assistance, Secretary of State Cyrus Vance described "population planning" as the "second major focus of AID [U.S. Agency for International Development] funding," second only to "global problems of hunger and malnutrition,"[2] and he associated hunger and malnutrition so closely with "population pressure," that there is some question as to whether population planning really is of only secondary importance in the design of U.S. aid programs. Other features of the foreign assistance program also suggest this question.

The United States has, in the years since 1965, contributed more to foreign population control programs than all other countries combined, and has also worked diligently to secure the support of other countries and international agencies for these programs.[3] In addition to hundreds of millions of dollars in explicit AID "population assistance" appropriations, U.S. donations to the World Bank and to United Nations organ-

1. Kingsley Davis, "The Climax of Population Growth," *California Medicine*, 113: 33-39, 1970.

2. Hearings before the Committee on International Relations, House of Representatives, on Foreign Assistance Legislation for Fiscal Year 1979, Part 1, pp. 13-14.

3. *World Population Growth and Response, 1965-1975; A Decade of Global Action*, The Population Reference Bureau, Inc., 1976, p. 226; Proceedings of World Population Conference, Bucharest, 1974.

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izations such as UNICEF are also used in part for population control, with a degree of enthusiasm and commitment equal to that found in the AID bureaucracy.

Perhaps more significantly, AID officials initiated and Congress enacted Section 104(d) of the International Development and Food Assistance Act of 1978, which provides that American foreign aid "shall be administered so as to give particular attention to . . . the impact of all programs, projects, and activities on population growth. All . . . activities proposed for financing . . . shall be designed to build motivation for smaller families in programs such as education, . . . nutrition, disease control, maternal and child health services, improvements in the status and employment of women, agricultural production, rural development, and assistance to the urban poor."

In its Section 102 on "Development Assistance Policy," the 1978 Act said that U.S. assistance would be "concentrated" in countries which demonstrated their "commitment and progress" by their "control of population growth," along with other indications of serious intent. An explanatory footnote in the Report on Population and Development Assistance by the House Select Committee on Population states that "the whole of AID's development assistance effort" was intended to be included within the population control provisions of Section 104(d).[4]

Thus although (or perhaps because) U.S. birth-controllers had encountered a disappointing "absence of widespread public demand"[5] and a lack of "clear and vigorous support"[6] by foreign governments for population control, and an "underutilization of . . . outreach,"[7] not to mention the fact that "(a)ttitudes of men are still anti-vasectory,"[8] efforts would be stepped up. Statements by the foreign aid bureaucracy have shown how seriously this commitment is taken. For example, Dr. Reimert T. Ravenholt, who had been director of AID's Office of Population since its formation, was quoted in a 1977

4. *Report* of the House Select Committee on Population on "Population and Development Assistance," December 1978, p. 111.
5. *Ibid.*, p. 55.
6. *Ibid.*, p. 59.
7. *Ibid.*
8. *Ibid.*, p. 55

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interview with the *St.Louis Post-Dispatch* as calling for sterilization of one quarter of the fertile women of the world in order to meet U.S. goals of population control and to maintain "the normal operation of U.S. commercial interests around the world."[9] Dr. Ravenholt was reported to regard this effort as necessary to counteract the "population explosion" which would cause a deterioration of living standards and thus bring about foreign rebellions "against the strong U.S. commercial presence."

In the same vein, Robert S. McNamara, then Executive Director of the World Bank, which channels a major portion of U.S. aid to foreign countries, predicted that continued population growth would result in "poverty, hunger, stress, crowding, and frustration," which would threaten social, economic, and military stability. Warning that this would not be "a world that anyone wants," in an interview published by the *Christian Science Monitor* on July 5, 1977, Mr. McNamara stated that if present methods of population control "fail, and population pressures become too great, nations will be driven to more coercive methods." The fact that the failure of any ill-conceived government program can be blamed on "population pressures" seems not to have occurred to Mr. McNamara, who visited India at the height of the compulsory sterilization campaign in 1976 to congratulate the Indian government for its "political will and determination" in promoting family planning.[10]

John J. Gilligan, Administrator of AID, described in 1978 Congressional hearings how the Agency is "stressing the importance of population impact . . ." in its programs.[11] He reported to the House Select Committee on Population that "Country Development Strategy Statements" were being prepared for each country, to incorporate American population concerns into the plans for economic development. He described development projects in Pakistan, El Salvador, the Sahel, Morocco, Nepal, Nicaragua, Indonesia, India, and Tanzania

9. *St. Louis Post-Dispatch*, April 22, 1977.

10. Peter T. Bauer and Basil S. Yamey, "The Third World and the West: An Economic Perspective," *The Third World: Premises of U.S. Policy*, W. Scott Thompson, ed., (San Francisco: Institute for Contemporary Studies, 1978), p. 302.

11. Hearings, *op. cit.*, p. 210.

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which he hoped would either reduce fertility directly, as by educating and employing women, or would discover the "determinants of fertility."[12]

Exporting Population Policy

Months before Congress enacted Section 104(d), with its comprehensive design for foreign population control, into U.S. foreign assistance law, officials of AID were preparing to implement the anticipated law as if Congressional approval were but a matter of form. An AID cable to its foreign missions in early 1977 described how the Agency intended to achieve its population goals in its assistance programs by encouraging "female education" and "female employment," encouraging "laws . . . to increase the age of marriage," providing "(i)ntegrated health, nutrition, and family planning services," encouraging "(c)ohesive village organization linked to federal structures (e.g. in Indonesia) which has plainly encouraged family planning," by "(r)educing parental reliance on children for old-age support," and by offering "(d)irect rewards for smaller families [including] (r)ewards for communities or individuals who limit their fertility . . ."[13]

The list was startling not only for the degree of American interference into the national and personal affairs of foreign citizens which it called for, but for the appended statement averring that already "Most missions include such projects among their total mix of projects." Then "why," the agency asked itself in its cable, "has the agency initiated [Section 104(d)] now?" Why indeed, since such legislative enactments are apparently unnecessary for the operations of the agency? AID answered its own question: "to demonstrate . . . that the agency puts very high priority on reducing population growth."[14]

Subsequent Carter Administration foreign policy statements have reaffirmed the commitment to foreign population control, despite acknowledged "resistance" in some countries. The Department of State *Bulletin* for March 1980, for example, noted the "resistance" in Africa to population control efforts[15];

12. *Report, op. cit.*, pp. 119-120.
13. *Ibid.*, pp. 112-120.
14. *Ibid.*, p. 118.
15. *Department of State Bulletin*, Vol. 80, No. 2036, March 1980, p. 13.

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the same *Bulletin*, however, contained a statement by Secretary of State Cyrus Vance on the "tension between spiraling global population growth and finite resources"[16] and a promise from Thomas Ehrlich, Director of the newly-created U.S. International Development Cooperation Agency, that the United States would direct an "accelerated attack" on the population control front.[17] In May 1980 new Secretary of State Edmund S. Muskie, known for his commitment to the "Club of Rome, zero-growth, Malthusian perspective,"[18] promised to make what he called the "environmental arm" of the State Department even "more visible."[19]

Descriptions of projects embodying the strategies enumerated on the AID list mentioned above appear throughout the development literature. The conviction prevails that, as AID put it in its 1976 policy paper on "U.S. Population Related Assistance," family planning alone "may not suffice" to bring world birth rates down to two children per woman. Or, as the National Security Council, which has also gotten into the population control act, stated in its first Annual Report in 1976, "... family planning services and information alone will not bring birth rates down to . . . an average family of slightly more than two children."[20]

It is not enough, in the prevailing view, to provide a setting within which people can choose voluntarily the number of children they wish to have in the light of the costs and benefits entailed and the available means for limiting births. According to the official view, the United States government has the right and the duty to set a worldwide target of two children per family on the average, and, in the words of U.S. law, to administer its aid to foreign countries so as to "build motivation for smaller families through modification of economic and social conditions supportive of the desire for large families . . ."[21] By law and regulation, U.S. funds may not be used to provide

16. *Ibid.*, p. 40.
17. *Ibid.*, p. 54.
18. *Department of State Bulletin*, Vol. 80, No. 2039, June 1980, p. D.
19. *Ibid.*
20. *Report, op. cit.*, p. 100.
21. International Development and Food Assistance Act of 1978, Section 104(d).

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compulsory contraception or sterilization, or to pay for abortions, or to provide "incentives designed to induce acceptance of any one method of contraception over another,"[22] But matters are not merely to be left to free individual choice. The United States is officially committed to providing "motivation."

In undertaking this effort to change the hearts and minds of mankind in order to reach the world family size limit set by U.S. foreign affairs officials, the foreign aid bureaucracy increasingly relies upon the so-called "village system" of population control. Much touted by U.S. Ambassador for Population Affairs Marshall Green and other officials, this system has the virtue of combining all known fertility-reducing strategies within the organization most intimately related to the lives of the half or so of mankind who live in rural villages. When, as AID cable 017208 (previously mentioned) said, the village is linked to a determined "federal structure" or central government, the results can be amazingly effective.

AID has been instrumental in developing such a system in Indonesia, where the central government supports a network of some 30,000 village "family planning" units.[23] The local units collect and transmit information on the contraceptive habits of village couples. Local fieldworkers receive bonuses for "recruiting" citizens for contraceptive services. The central government sets "targets" for such recruitment "drives."[24] Currently the government is acting to "increase local participation" and to "broaden the legitimacy and popular appeal" of its population control program by rewarding villages which increase their rates of participation in family planning programs with increases in food supplements, health services, and other benefits.[25]

In general, the foreign aid establishment favors such group

22. Hearings, *op. cit.*, p. 280.

23. The Population Control,

23. The Population Council, *Studies in Family Planning*, September 1978, pp. 235-237.

24. The Population Council, *Studies in Family Planning*, May 1974, pp. 148-151, and July 1976, pp. 188-196.

25. The Population Council, *Studies in Family Planning*, September 1978, pp. 235-237; *Report, op. cit.*, p. 70.

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incentives because they avoid the appearance of paying individuals to use birth control or having themselves sterilized (a practice which, though listed among the options of AID's cable 017208 and actually in use in a number of countries, attracts criticism), while they actually embody the even stronger incentive of group pressure. The woman who volunteers for IUD insertion in Indonesia will not only enjoy a share in the village's food bonus but will earn the gratitude of her neighbors for enabling them to share also. Conversely, those who refuse this "service" will be depriving their neighbors as well as themselves of food.[26] The Indonesian program thus points up the significance of the call by aid planners for increased "integration" of family planning with food programs and other services. Such integration builds the desired "motivation for smaller families."

The enthusiastic program in Indonesia has made that country "a textbook illustration of what can be done through enlightened and vigorous government programs," according to John J. Gilligan, Administrator of AID.[27] Noting the 15 percent fertility drop in the area during the 1965-1976 period, the House Select Committee on Population reported with unconscious irony that "These improvements occurred in the absence of significant gains in the social and economic conditions of the vast majority of Indonesians."[28] Nor did the Committee express concern as to whether things will ever improve for the Indonesians. The primary object is being achieved; population growth is being reduced. In an emotional speech to the Committee, Dr. Haryono Suyono, Deputy Chairman Number Three of the Indonesian National Family Planning Coordinating Board expressed his government's gratitude to AID for its "spiritual and moral support for our efforts to which we cannot attach a price tag."[29]

Incentives for Cooperation

AID and its companion organizations in the foreign aid

26. See Robert M. Veatch, "Government Population Incentives: Ethical Issues at Stake," *Studies in Family Planning*, April 1977, pp. 100-108.
27. Hearings, *op. cit.*, p. 238.
28. *Report, op. cit.*, p. 68.
29. *Ibid.*, p. 71.

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establishment have extended this same spiritual and moral support to other incentive programs in population control. In one case, villagers in India were offered cash payments on condition that 75 percent of all men in the village submit to vasectomy. In another Indian village, "100 percent of the eligible couples" were reported to have accepted family planning, mostly by means of vasectomy, in exchange for a new village well.[30] Though the subsequent compulsory sterilization campaign gave Indian family planning a rather bad press, with 3 million sterilized in but six months of 1976 and numerous protestors killed or wounded,[31] the principle of providing "motivation" remains unchallenged in foreign aid circles. In Taiwan, families having no more than two or three children have been given annual bank deposits, redeemable to pay educational expenses.[32] In Singapore, families having more than two children pay higher medical fees, lose maternity leave, lose priority for subsidized housing and school admission, and receive no income tax deductions for additional children.[33]

Appropriate incentives can also be used to "motivate" reluctant governments. In Thailand, for example, a World Bank mission in 1958-59 pointed out to the government the "adverse effects" of population growth. The Thais were unimpressed but permitted the Population Council, a private American organization created by John D. Rockefeller III, to enter the country with $1.5 million in 1963 to create support for population control among the country's leadership. By 1968 the Thai government had committed itself to "family planning" and immediately received $3.5 million from AID for this purpose. It also began to receive World Bank loans in larger amounts than previously, adding up to more than $700 million for the years 1969-1977. In addition, Thailand began to receive about $100 million a year in U.S. economic and military assistance, which was also larger than the amounts prior to 1969.[34]

30. Veatch, *op. cit.*

31. The Population Reference Bureau, *Intercom*, December 1976, p. 3.

32. The Population Council, *Studies in Family Planning*, January 1976, p. 31.

33. *Ibid.*

34. The Population Council, *Studies in Family Planning*, September 1973, "Thailand"; The Population Council, *Country Profiles*, "Thailand," March 1972.

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The Thai government in its turn has become a model of cooperation. It operates programs to train not only midwives and other health workers but even teachers and members of the border patrol police in techniques of "family planning."[35] According to the Population Council, a number of innovative methods have been used to popularize birth control in Thailand, including "special motivational and educational efforts" in the labor rooms of hospitals where women were giving birth, "with all hospital staff taking part in these efforts." The results have been remarkable: 43 percent of all obstetrical patients at one hospital "accepted" sterilization,[36] and between 1965 and 1975 the crude birth rate in Thailand fell 23 percent. In September 1978 the Thai government reported its "increasing program emphasis on sterilization" as an indication of its "concern for providing the most efficient means of achieving a significant impact on the nation's growth rate." It further stated that the resulting "encouraging response to vasectomy" had prompted a revision of the "demographic achievements targets" to even lower levels of population growth than had been previously thought possible.[37]

Thailand has been assisted in its family planning program not only by AID and the World Bank, but by almost all of the leading lights of international population control, including UNICEF, UNFPA (the United Nations Fund for Population Activities), the Population Council, the International Planned Parenthood Federation, the University of North Carolina, the Rockefeller Foundation, the Ford Foundation, World Education, Inc., the Pathfinder Fund, and Church World Service.[38] These other organizations receive substantial amounts, in some cases most or all, of their support for their population activities from AID.[39] According to the House Select Committee on

35. The Population Council, *Studies in Family Planning*, September 1978, p. 251.

36. The Population Council, *Studies in Family Planning*, March 1972, pp. 10-11.

37. The Population Council, *Studies in Family Planning*, September 1978, pp. 251-252.

38. The Population Council, *Studies in Family Planning*, July 1972, p. 153; The Population Council, *Country Profiles*, "Thailand," March 1972, pp. 16-17.

39. *Report*, *op. cit.*, p. 22; Hearings, *op. cit.*, p. 418; the Population Reference Bureau, *World Population Growth and Response*, *op. cit.*, p. 226.

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Population, the advantages of such non-governmental organizations in population control are that they have "flexibility" and can "provide a wide range of services."[40] Some critics have charged that such agencies violate Congressional restrictions on the funding of coercive population control measures and abortions. Lending some credibility to this charge, Dr. Daniel Weintraub, Director of Family Planning International Assistance, which is an "intermediary" funded almost exclusively by AID for the purpose of making sub-grants to other family planning organizations, reported to the House Select Committee on Population that if his sub-grantees were to be subject to U.S. government audit, "we would lose our . . . ability to operate effectively."[41]

Lest it be supposed that family planning somehow wins friends for the United States or forestalls "social unrest," as claimed by its promoters, consider the case of Iran. With the support of AID, International Planned Parenthood, the Pathfinder Fund, the Universities of North Carolina and Chicago, and the Ford Foundation, the Shah and his sister were both enthusiastic proponents of family planning, urging other less developed countries to follow their example. Per capita public expenditures on birth control were among the highest in the developing world. The Iranian government trained thousands of health corps workers and paid them handsomely for their service as physicians, nurses, and "motivators." The Ministries of Health and Education redesigned the school curriculum, rewrote the textbooks, and retrained thousands of teachers to emphasize "population education" and sex education.[42]

The "Isfahan Model Family Planning Project" attracted worldwide attention for its mobilization of "educational and recruiting activities, . . .mass media, mobile units, and doctors."[43] All methods of reducing births were legalized throughout Iran, including abortion and sterilization.

Upon seizing power, the new government dismantled much

40. *Report, op. cit.*, p. 23.

41. *Ibid.*, p. 24.

42. The Population Council, *Country Profiles*, "Iran," October 1972, p. 12.

43. The Population Council, *Studies in Family Planning*, November 1976, pp. 308-321.

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of the family planning apparatus and rescinded the legalization of abortion and sterilization, shortly after throwing out the United States.[44] It is also of some interest to note that the Iranian birth rate, one of the highest in the world, showed little decline throughout the years of family planning effort by the Shah.[45] Nor is Iran an isolated case. Antagonism toward the U.S. concept of population control has been expressed in numerous countries.[46]

Humanitarianism or Ideological Crusade?

The United States has, for more than a decade, engaged in a large and growing effort to "motivate" the rest of the world, especially the less developed world, to limit births. In its present form this effort is being expanded to use all of the "linkages" of the development process – education, urbanization, industrialization, female labor force participation, and modern health services – to induce reductions in fertility. Though the effort retains some semblance of an attempt to improve economic and social conditions, it increasingly takes on the appearance of a movement promoted for its own sake.

The fervor of the U.S. aid planners' commitment to foreign population control stands in vivid contrast to current economic and demographic facts.

There is no empirical evidence that "population pressures" have impeded economic development, and prominent economists differ regarding the relationship between population and development. An exhaustive study persuaded Goran Ohlin of the University of Uppsala that "the more rigorous the analysis and the more scrupulous the examination of the evidence, the smaller is the role attributed to population as an independent source of economic problems."[47] Colin Clark, one of the

44. The Population Reference Bureau, *Intercom*, March 1979, p. 13.

45. The Population Council, *Studies in Family Planning*, April 1978, p. 77.

46. See, for example, John C. Caldwell, "The Containment of World Population Growth," Proceedings of the World Population Conference, Bucharest, 1974, reprinted in *Studies in Family Planning*, December 1975; also see Paul Singer, text of address, World Population Conference, Bucharest, 1974, reported in *Studies in Family Planning*, December 1974.

47. Goran Ohlin, "Economic Theory Confronts Population Growth," in *Economic Factors in Population Growth*, ed. by Ansley J. Coale, (New York: John Wiley, 1976), p. 1.

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world's leading development economists and former director of the Agricultural Economic Institute at Oxford University, has written and lectured extensively on the advantages of population growth, basing his case largely on what economists call "economies of scale" as well as on the large existing amounts of natural resources relative to present and probable future world population size. Professor Clark, along with other economists, points out that the costs per head to society for a modern infra-structure of transportation and other utilities declines as population grows, thus facilitating an increase in net income per person,[48] in line with the familiar business principle of "spreading the overhead." Professor Clark studied a very large number of developing countries during the 1950-1969 period and found that in general those with the *highest* rates of population growth also had the highest rates of growth in product per person.[49]

Over the past thirty years world food output has outstripped population growth by a significant margin, even in the less developed regions, bringing the per capita world food supply to what is probably its highest level in history. These facts emerge from United Nations and U.S. Department of Agriculture data, available in numerous sources and vividly presented recently in a U.S. government document *World Hunger and Malnutrition, Improving the U.S. Response.*[50] The facts regarding the world food supply, which are well known to economists and demographers, usually startle first-time hearers, accustomed to the carefully edited, alarming reports of "crises" and "famines." Famine is, in fact, a disappearing phenomenon, because of

48. Colin Clark, *Conditions of Economic Progress*, New York: MacMillan, 1957; Colin Clark, *Population Growth: The Advantages*, Santa Ana: Sassone, 1975; Julian Simon, *The Economics of Population Growth*, (Princeton: Princeton University Press, 1977) Ch. 12.

49. Colin Clark, *Population Growth: The Advantages, op. cit.*, p. 84.

50. U.S. Government Printing Office, 1978, p. 11. Suggesting that the facts presented in this document may not have pleased important members and constituents of the Carter Administration, two years later a report on the same subject presented no output statistics and decided that the world food situation was "getting worse." See *Overcoming World Hunger: The Challenge Ahead*, Report of the Presidential Commission on World Hunger, March 1980, U.S. Government Printing Office, 1980. Even this Report, however, admitted that the world "grows food in abundance." (p. x)

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increasingly higher average crop yields and more rapid transportation to areas of spot failure.[51] Even India, once the prime exhibit for the prophets of doom, is now able to stockpile grain, though she has only exploited a fraction of her agricultural potential.[52] Hunger today is primarily the result of war and bad public policies, as indeed it may always have been.

Not only is food output expanding, but the potential for further expansion has been impressively documented. Less than half of the world's arable land is in use; surpluses of arable land exist even in such highly populated areas as southeast Asia,[53] and average yields are incredibly low in comparison with those obtainable by already-known, better methods.[54] Roger Revelle, former director of the Harvard Center for Population Studies, has estimated that the earth's agricultural resources are capable of feeding some 40 billion people, almost ten times the size of the world's present population. This would require using only 24 percent of the earth's land area.[55]

Other resources are in similarly abundant supply. A thorough, recent study conducted by Ronald G. Ridker and Elizabeth W. Cecelski at Resources for the Future, Inc., found that "reserves and prospective reserves of coal, phosphorous [important for energy and fertilizer], and . . . trace elements are adequate for hundreds of years"[56] and "(i)n the long run, most of our metal needs can be supplied by iron, aluminium, and magnesium, all of which are extractable from essentially inexhaustible sources."[57]

51. Julian L. Simon, *The Economics of Population Growth*, (Princeton University Press, 1977), pp. 95-97.

52. Raj Krishna, "The Economic Development of India," *Scientific American*, Vol. 243, No. 3, September 1980, pp. 166-178; *Christian Science Monitor*, March 15, 1978, p. 1; *Overcoming World Hunger, op. cit.* p. 91.

53. Nevin S. Scrimshaw and Lance Taylor, "Food," *Scientific American*, September 1980, p. 83.

54. University of California Division of Agricultural Sciences, *A Hungry World: The Challenge to Agriculture*, July 1974; Scrimshaw and Taylor, *op. cit.*, pp. 78-88.

55. Roger Revelle, "The Resources Available for Agriculture," *Scientific American*, September 1976, pp. 165-178. Also, Colin Clark, *Population Growth: the Advantages*.

56. Ronald G. Ridker and Elizabeth W. Cecelski, *Resources, Environment, and Population: The Nature of Future Limits*. Population Reference Bureau, Inc., Vol. 34, No. 3, August 1979, p. 32.

57. *Ibid.*, p. 29.

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The study notes that "aluminium is the third most important element in the earth's crust. Iron . . . is the fourth, and magnesium . . . is the sixth."[58] Future world energy demands, the study concludes, can be met from huge existing supplies of coal, shale and tar sands, together with future forms of solar and nuclear power.[59]

With regard to pollution, the Ridker-Cecelski study states that "in countries with strictly enforced pollution control policies, economic and population growth need not generate significantly greater quantities of pollutants."[60] The authors also carefully examine the so-called "carbon dioxide" problem with its much-decried "greenhouse effect" and conclude that the available studies contain such large uncertainties as to preclude useful conclusions or predictions.[61]

The Ridker-Cecelski investigation is only one of the more recent in a long series of studies which demonstrate that resources are more abundant and less threatened with exhaustion than is admitted by the population alarmists. Numerous scholarly studies[62] have reached the same result. The essential conclusion is that not only are world reserves of resources very large relative to the foreseeable future size of population but that the possibilities of exploiting lower-grade reserves and recycling have scarcely been touched. The fact is that we live, not on an earth of non-renewable resources, but on an earth of renewable and recyclable resources.

58. *Ibid.*
59. *Ibid.*, p. 33.
60. *Ibid.*, p. 38.
61. *Ibid.*, p. 37.
62. H.J. Barnett and C. Morse, *Scarcity and Growth: The Economics of Natural Resource Availability*, (Baltimore: Johns Hopkins Press, 1963); V. Kerry Smith, "Re-Examination of the Trends in the Prices of Natural Resource Commodities, 1870-1972," distributed at the 87th Annual Meeting of the American Economic Association, San Francisco, December 1974; Simon, *op. cit.*, especially Chapter 5; H.S.D. Cole, *et al.*, *A Critique of the Limits to Growth*, (New York: Universe Books), 1973; John Maddox, *The Doomsday Syndrome*, (New York: McGraw Hill), 1972; Clark, *op. cit.*; Joseph L. Fisher and Neal Potter, "Natural Resource Adequacy for the United States and the World," in *The Population Dilemma*, 2d ed., Philip H. Hauser, ed., (Prentice-Hall, 1969); William D. Nordhaus and James Tobin, *Is Growth Obsolete?* (New York: National Bureau of Economic Research, 1972); Sherry H. Olson, *The Depletion Myth: History of Railroad Use of Timber* (Cambridge Harvard University Press, 1971).

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Last but far from least, the much-repeated "crowded earth" alarms stand in vivid contrast to the facts. No more than a quarter of the earth's land surface is used for crops, pastures, and human settlements.[63] The entire world population could fit into the state of Texas, with an allotment of 2,000 square feet for each person.[64] Population densities in a number of the less-developed countries, expecially in Latin American and Africa, are so low as to make the costs per person of modern transportation systems and other elements of economic infrastructure prohibitively high.[65] Even India and China have population densities which are lower than in much of Europe.[66]

The economists Peter Bauer and Basil Yamey of the London School of Economics have summed up the situation by concluding that the Western fear of a Third World population explosion "relies on misleading statistics . . . misunderstands the determinants of economic progress, misinterprets the causalities in changes in fertility and changes in incomes . . . and . . . envisages children exclusively as burdens."[67] Julian Simon, in his encyclopedic *Economics of Population Growth*, concludes that "The ultimate constraint upon resource availability is human imagination, and hence population growth can *augment* resources in the long run by increasing knowledge."[68] (emphasis added)

Scarcity and Paternalism

All of this does not, of course, disprove the basic economic fact of "scarcity"; human desires, like the human imagination, being infinite by nature, can always outstrip any possible increase in economic supply. Traditionally, economists have relied on market forces – the free play of supply and demand – to mediate the conflict between infinite human desires, on the one hand, and a finite supply of economic goods on the other. What

63. C.A. Doxiadis and J.G. Papaioannou, *Ecumenopolis, the Inevitable City of the Future*, (New York: W.W. Norton, 1974), pp. 177-179.
64. Francis P. Felice, "Population Growth," *The Compass*, 1974.
65. Singer, *op. cit.*
66. U.S. Bureau of the Census, *World Population: 1977 – Recent Demographic Estimates for the Countries and Regions of the World*, U.S. Government Printing Office, 1978.
67. Bauer and Yamey, *op. cit.*, p. 108.
68. Simon, *op. cit.*, p. 107.

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is new in our time, however, is an increasingly impassioned insistence that market forces, which essentially rely on individual free choice, are not enough, and indeed are even vicious. The antagonism between the traditional economic view and that of the planners is well expressed by the biologist Paul Ehrlich of "population bomb" fame: "Economists are probably the most dangerous single profession on earth . . . They continue to whisper in the ears of politicians, all kinds of nonsense . . ."[69]

The contrast between the two views deserves emphasis: on the one hand, there is the traditional economic view of human individuals as beings who, even when — or perhaps especially when — they are poor, are capable of rational response to their opportunities and limitations, making their own best choices as to productive activity, consumption, and family size, with government acting only to safeguard each individual's rights to life, liberty, and property. On the other hand, there is the view of the U.S. foreign aid bureaucracy (and prominent sections of the popular press) which holds that human beings, especially when they are poor, will mindlessly breed themselves into misery, unless they are restrained by government action. A more sophisticated variant of this latter view is that the market usually works so badly that it provides individuals with the "wrong signals," thus encouraging them to have more children than are in the best interests of society, unless a wise and benevolent government intervenes.

While it may be asserted that economists have placed too much faith in the rationality of individuals, it can also be argued that the opposite view places unwarranted faith in the wisdom and benevolence of government planners and in their ability to decide what is best for others. It should also be noted that, not only do individuals have the most intimate knowledge of their own interests but they also must usually bear most of the costs of any mistakes which they make, and are usually aware of this fact, whereas government planners are almost always able to shift the costs of their mistakes to other parties. The implication is that the incentive to avoid bad choices is stronger and the corresponding probability of making good choices is higher for individuals than for government planners.

69. *Christian Science Monitor*, June 30, 1980, p. B7.

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It may nevertheless be argued that because some economic studies,[70] in direct contradiction of still other studies,[71] have concluded that economic development will occur more rapidly if population growth is restrained, the U.S. policy is justified. But, even if this were true, who should decide whether citizens of other countries should have more income or more children? Parents everywhere know that they could have a higher per capita income, and more material assets, if they had fewer children. Is it then the right or duty of government to make this choice on parents' behalf?

It is no doubt natural that public bureaucracies should distrust the market forces which reflect individual choice and which challenge the planners' prerogatives and authority. It is therefore not surprising that the U.S. foreign aid bureaucracy has concluded that individuals cannot be safely left to make their own choices as to family size within the limits of respect for each life, but must instead be appropriately "motivated" by governments. The recent publication of the Carter Administration's *Global 2000* with its gloomy forecasts of hunger and resource exhaustion and the corresponding "need" for governmental social and economic control, including population control, is consistent with this position.[72]

The official U.S. commitment to population control abroad is significant not only for foreign policy but for domestic policy as well. Population control enthusiasts view the programs in foreign countries as "models" for controls to be implemented in the United States. In introducing his bill, H.R. 5062, to bring about zero population growth in this country, Congressman Richard L. Ottinger said, "We are not asking for anything which we do not already advocate to the less developed nations of the world."[73] Rep. Ottinger's bill calls for bringing all federal "legislation, regulations, programs, and activities" into conformity with the goal of zero national population growth. Policy to this end would be developed and administered by a national

70. Ansley J. Coale and Edgar M. Hoover, *Population Growth and Economic Development in Low-Income Countries*, (New Jersey: Princeton University Press, 1958).

71. Clark, *op. cit.*

72. *Global 2000*, U.S. Government Printing Office, 1980.

73. *Congressional Record*, August 2, 1979.

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Director, of vast powers, presiding over a national Office of Population Policy.[74]

Returning to Mr. McNamara's threat of "more coercive methods" yet to come unless human beings reduce their reproduction to the satisfaction of planners like himself, one wonders whether a world in which Mr. McNamara and his colleagues control this most intimately human of all decisions — the decision to have children — is better.

74. *Ibid.*

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Over There

A Scholar and a Traitor

Small episodes are often revealing. The affair of Sir Anthony Blunt and the British Academy disclosed attitudes among British intellectuals that have parallels in similar classes of western European and American society. For the ordinary public those attitudes came as a shock; for those who care for their country they cannot be consoling.

But first the facts. Early in November 1979 a newly published book called *The Climate of Treason* by Andrew Boyle pointed clearly to the existence of a "fourth man" associated with Donald Maclean, Guy Burgess, and Kim Philby in the spy scandal of 1951. Mr. Boyle did not identify him, but others were less reluctant. In informed circles gossip was soon busy with the name of Sir Anthony Blunt, art historian, former professor in the University of London, Surveyor of the royal pictures from 1945 to 1972, and adviser to the Queen on pictures and drawings until 1978. On November 20 a written House of Commons question to the Prime Minister elicited a startling disclosure. Mrs. Thatcher told the House that Mr. Blunt had been repeatedly questioned by security officers in 1951 but had denied any connection with the U.S.S.R. Early in 1964 new evidence again implicated him, although it was insufficient to sustain a criminal prosecution. In order to assist the continuing investigation into the extent of Russian penetration of the British diplomatic and intelligence services, the Attorney-General allowed Mr. Blunt to be offered legal immunity in return for his cooperation. Mr. Blunt then admitted that he had been a Russian agent; that he had recruited others for the Russian intelligence service when he was a fellow of Trinity College, Cambridge, in the 1930s; that as a member of the British secret service between 1940 and 1945 he had passed official confidential information to the Russians; and that in 1951 he had used his old Russian contacts to facilitate the escape of Burgess and Maclean. In an interview the same day to the London *Times* and in a general press release Mr. Blunt

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showed no regret or remorse. Instead he appeared to justify his behavior by saying that originally he had regarded Soviet Russia as the only barrier against fascism; and that when subsequently disillusioned he had remained silent out of loyalty to his friends.

The disclosures of November 20 set in train a series of events. The Queen immediately deprived Mr. Blunt of the knighthood of the Royal Victorian Order bestowed on him for personal services to the Crown. A few days later he resigned from his honorary fellowship of Trinity College. Later he also gave up his fellowships of the Royal Institute of British Architects and of the Society of Antiquaries. In January, however, the Council of Bristol University decided that it had no power to strip him of the honorary doctorate conferred by that University, and the following month London University voted to allow him to keep his title of emeritus professor. Of Mr. Blunt's three apparently voluntary resignations it is now known that at least two were by no means unforced. It was made clear to him that he would probably be expelled from his Cambridge fellowship unless he resigned; and discreet pressure was brought to bear on him by the Society of Antiquaries. In July came the turn of the British Academy, of which Mr. Blunt was still a member. This society, consisting of about 400 elected fellows, chosen from distinguished academics all over Britain, was founded by Royal Charter in 1902 to promote "the study of the moral and political sciences." Its considerable revenue (£1.8 million this year, £2 million next) comes almost entirely from the government and is used to assist individual British scholars and British scholarly institutions at home and abroad. It does for the arts what the Royal Society does for the sciences and the two societies are recognized as the leading academic institutions of Great Britain.

In preparation for the annual general meeting of fellows in July 1980, the Council of the British Academy discussed the Blunt issue on more than one occasion. Inquiries made through a friend of Mr. Blunt elicited the information that he had no intention of resigning his fellowship. The Council decided therefore to vote on a formal motion that Mr. Blunt's name be removed from the list of fellows on the ground that he was not a fit and proper person to be a fellow. This was met by notice of a counter-motion that the meeting deplored the conduct of Professor Blunt but did not wish to proceed further in the

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matter. Normally the proceedings of the Academy's annual general meeting are uncontentious and the recommendations of the Council accepted as a matter of form. The Academy is not a body which attracts or wishes to attract public attention. On this occasion, however, the Council's motion to expel Mr. Blunt was unprecedented, and knowledge of it soon became public. For the first time in its staid and respectable history the Academy had become involved in an issue of notoriety. Since the disclosures of November the pendulum seemed to have swung back in Mr. Blunt's favor and the result of the July meeting was therefore something of a test case. There was a renewed interest in the press, and not only there. A.J.P. Taylor, the well-known historian, not a man to shirk publicity or controversy, openly declared that he would resign from the Academy if Mr. Blunt were expelled. This brought the inevitable quip (ascribed to but promptly denied by Professor Max Beloff, another fellow) that there was now a strong reason for supporting the Council's recommendation. It is unlikely that the prospect of losing Mr. Taylor moved many votes, but the incident did provide a taste of the growing acrimony among the fellows of the Academy.

It was with mixed and, for some, uncomfortable feelings that about 200 fellows, probably a larger number than customary, but still less than half the total body, gathered at Burlington House on July 3. In the event, neither of the two motions on the agenda was put to the vote. After forty minutes of what has been described as sulphurous debate, a resolution was carried by a three-to-one majority to move on to the next item of business. There were some abstentions, but among those who did vote (about 170) the size of the majority was both surprising and emphatic. In the debate the principal argument used by Mr. Blunt's supporters was that the Academy should concern itself exclusively with matters of scholarship and should not (in a phrase reported as having been used by Dr. Dahrendorf) "make decisions on the conduct of its members outside the area of scholarship." It is possible that in the Academy, as elsewhere, there was an undercurrent of emotional feeling that Mr. Blunt was an old man, that his offense had been committed a long time ago, and that it was wrong to punish and humiliate him further. What was clearly evident, however, was that many fellows were uncomfortable at being involved in such an unusual and distasteful affair and were anxious to extricate themselves

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as soon as possible. A.J.P. Taylor subsequently explained that "the great majority of fellows felt that they should do nothing. We are not a court of morals, we are a society of scholars." Whatever the implications of the second sentence, the first was incontrovertible. Nothing was exactly what the fellows did. They did not accept or reject the proposal to deplore his conduct but allow him to remain a fellow. They made no statement at all about Mr. Blunt. Whatever principle was at stake, they evaded. It was left to the outside world, including many fellows absent from the meeting, to put the natural construction on what happened and conclude that the majority of those present did in fact regard Mr. Blunt as a fit and proper person to be a fellow.

Debating the Vote

It is generally acknowledged that at the meeting the case against Mr. Blunt was poorly presented. It is more than likely that the supporters of expulsion expected the official recommendation to be accepted, as council recommendations at the annual general meeting invariably are accepted. If so, they were shocked as well as angered by the outcome. A few were not prepared to accept that decision as the last word. Professor Ian Christie, a historian of London University (historians played a markedly conspicuous role in the whole affair) at once endeavored to start a discussion in the correspondence columns of *The Times*, the traditional arena for public debate among British intellectuals. This was frustrated by the curious and repeated refusal of that great organ of public opinion to allow any debate on the Blunt case other than the factual reporting provided by its own journalists. The London *Daily Telegraph*, however, with a larger circulation and more robust right-wing views, provided an alternative forum for discussion; and other newspapers as well as some radio and television networks soon began to take notice. The debate was started by Professor G.L. Huxley of Belfast University (not himself a fellow) who in a letter published on July 26 expressed his disgust at the deplorable decision of the Academy and threatened to give up his British citizenship in protest. In the correspondence which followed two main arguments were developed by the critics of the Academy. The first was that Mr. Blunt, by aiding a regime notorious for its savage intellectual repression,

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was acting in a manner inconsistent with the ideals of free inquiry and scholarly integrity for which the Academy is presumed to stand. The second was that the Academy is a national institution, enjoying a position of special prestige, privilege, and responsibility, and that it was incompatible with that position to allow the continued presence of a self-confessed traitor within its ranks. While the first argument was perhaps better calculated to appeal to intellectuals, it was the second (to judge from public comment) which represented the more instinctive reactions of the middle-class readers of the *Telegraph* and other newspapers.

The debate in the press was given additional intensity by the news that the outcome of the July meeting had provoked the immediate resignation of four fellows. Two of them have wished to preserve their anonymity. The other two, who later revealed their identity and explained their reasons, were Dr. Colin Roberts, honorary fellow of St. John's College, Oxford, and former secretary to the Oxford University Press, and Mr. Theodore Skeat, former Keeper of the Manuscripts at the British Museum. At the start of the controversy early in August, Mr. Blunt announced that while regretting the possible resignations of other fellows, he would not be resigning himself. On the other hand, four of the fellows who took the leading part in publicly criticizing the decisions of the July meeting let it be known during the next few weeks that they would resign by the end of the year if the situation remained unchanged and Mr. Blunt was still a fellow. These four were Professor William Allen of Trinity College, Cambridge, Professor Plumb, Master of Christ's College, Cambridge, Professor Christie, and the present writer. Other fellows, notably Lord Blake, Provost of Queen's College, Oxford, and Professor T.D. Smith of Edinburgh University, while sharply condemning the July decision, made it clear that they preferred to retain their fellowships so that they could more effectively prevent their colleagues from perpetrating similar follies in the future: an argument which depended for its validity on the depressing assumption that more Blunt cases were possible in the lifetime of present fellows. In addition, however, a move was started, by Lord Blake and others, to persuade the Council of the Academy to hold a ballot of all 400 members on the issue. Appeals were simultaneously made to the President of the Academy, Sir Kenneth Dover, to use his influence with Mr. Blunt to induce him to give up his fellowship

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as the only way of ending the growing rift.

Before the middle of August and as a direct result of the press controversy, Mr. Blunt wrote to Sir Kenneth about the way in which he was being used "as a stick to beat the Academy." In his reply Sir Kenneth invited him to give serious considerations to the possibility of resigning. In consequence of this exchange, and against general expectation, Mr. Blunt shortly thereafter sent in his resignation. That was not the end of the affair. As soon as the news of Mr. Blunt's resignation became public on August 18, A.J.P. Taylor resigned his fellowship in protest against what he described as a witch-hunt by a minority of fellows against Mr. Blunt. He was followed with great alacrity by Professor Cobb of Oxford University, though it is understood that on reflection this second pro-Blunt resignation is not now likely to be put into effect. The President of the Academy himself, a balanced and conciliatory man who has not allowed his private opinion about Mr. Blunt to become public, has been hotly criticized by other fellows for not taking any personal action at all in the affair. The rift in the Academy, it is clear, will not be easily healed; nor its reputation so quickly restored.

Cultural Implications

One surprising feature has been, not so much the strength of feeling among the academicians on behalf of Mr. Blunt as their reluctance openly to take sides. Fewer than six fellows took part in the debate in the *Telegraph*, and they were all in substantial agreement. Not one fellow of the Academy could be found to write in support of the majority decision in July. Mr. Blunt's principal literary champions came, oddly enough, from academics in Ireland. If it is accepted that the July vote represented a clear refusal to pass any judgment on a person's fitness to be a fellow on grounds of non-scholarly misconduct, this reluctance to pursue the Blunt affair any further is perhaps logical. But the refusal to make such a judgment is itself indicative of a profound change in public standards over the last thirty or forty years. It has been readily admitted, by some opposed to any action now, that had Mr. Blunt's treachery been known in 1951, he would almost certainly have been expelled from the Academy to which (ironically) he had just been elected. Those whose memories of public life reach back even further are entitled to reflect that had all this taken place in the 1930s a

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wave of public indignation would have forced Mr. Blunt to leave the country, or at least to retire from public life; as a few old-fashioned people expected him to do in 1979. What has caused this alteration in political and social standards? Moral cowardice on one side – and on the other the sudden tenderness which comes over left-wing intellectuals when the Soviet Union is implicated – may have played a part, but only a very small part, in the Academy vote. For convincing explanations one must look to more general considerations.

In the first place academics, because their work requires considerable intellectual powers, and is usually remote from the ordinary utilitarian activities of society, are apt to attach exaggerated importance both to what they do and to themselves because they do it. The increasing professionalization of scholarship in itself helps to breed a certain exclusiveness and distortion of values. When academics regard themselves as an elite, they are in danger of falling into the vice of elitism – in the only useful sense of that abused word. This is, not just being conscious of belonging to a chosen few but, by reason of that fact, assuming unwarranted status and privilege. Scholarship is not a religion, but scholars sometimes behave as if it is, with themselves as a kind of priesthood immune from conventional obligations. Only so can one explain the insensitivity to other basic values implicit in the July vote. There were also perhaps more pervasive, contemporary influences which affected the outcome of the meeting. It is a matter of common conversation that academics as a profession (preponderantly, that is to say, but of course by no means universally) have the same characteristics as the liberal, educated class of which they are part. Typically the members of this class are intellectual, cosmopolitan, tolerant, humanistic, and reformist; hedonistic in morals and collectivist in politics. It is a familiar pattern in all western societies. Three elements in this modern orthodoxy have a bearing on the Blunt case. First, the fashionable tendency to regard moral standards as purely subjective and to condone, even when not imitating, any deviation from the norm. The only test seems to be the sincerity of the doer, not the consequences of his actions. Second, the tendency to be critical of all traditional and prescriptive authority both in society and in the state. For many self-conscious liberals loyalty and patriotism have become intellectually indecent words which, uttered in

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public, cause mild embarrassment. Third, the tendency to sympathize with the criminal rather than the victim of his crime. The victim is forgotten, anonymous, beyond assistance. The criminal is identifiable and at risk: a perfect object therefore for the complacent sentimentality which masquerades as humanistic virtue.

One would imagine that an old-fashioned grounding in the principles of political theory and moral philosophy would be enough to demonstrate the fallacies in all three of these attitudes. But in academic circles old-fashioned is not a term of approval. One possible conclusion to be drawn from the Blunt affair is that even among intellectuals the power of traditional reason is less influential than fashionable conventions of what constitutes the liberal progressive mind. To attain this plane of emancipated thought requires a high degree of sophistication. Less intellectual people have simpler ideas and more direct instincts; which perhaps is the reason why the British public found it difficult to understand the British Academy's behavior over Mr. Blunt; and why its standing has been diminished by the events of this summer.

Norman Gash

Chile's Mild Authoritarianism

There is a rule of practice among self-consciously (not to say self-righteously) moderate commentators and politicians that, whenever they express abhorrence of a Communist regime, they should add a balancing phrase to insist that they equally abhor "dictatorships of the Right." Their difficulty is that, in today's world, authentic dictatorships of the Right are much less frequent (particularly if Fascism is considered, as it should be, a left-wing, not a right-wing, ideology); so the same targets draw fire again and again. Greece and Portugal no longer being available, Chile has been promoted to the front line. "Chile and South Africa" is the customary phrase, two pariah nations bracketed together.

In fact, of course, their political systems bear no resemblance to one another: or at least they resemble one another only in that both countries have been trying to find a political solution outside the simple formula (too simple, they believe, for their

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difficult and dangerous problems) of one-man one-vote, party-dominated, representative democracy. The implied equivalence with a Communist regime is grossly unfair. For every act of oppression or cruelty which has taken place in Chile or South Africa, there have been – there are – a thousand, about most of which we never hear, in the Soviet Union and Eastern Europe or in other socialist countries, from China to Yugoslavia, on whose political experiments Western commentators tend to look with a tolerant eye.

Chile, unlike South Africa, is at the moment effectively a dictatorship. But is it a tyranny? Can it properly be cited as an example of a severely oppressive regime? A government which, as a matter of deeply held principle, renders the citizens freer in many ways than they have ever been before, is surely a strange sort of tyranny. The Pavlovian condemnation of the Chilean junta has obscured an economic, and potentially a constitutional, experiment which deserves the keenest attention of economists and political philosophers.

This obfuscation is partly a triumph of Marxist propaganda. To Marxists the overthrow of the developing Communist regime in Chile was an outrage, a reversal of the natural order of things: and by playing on such trigger-concepts as "an elected leader overthrown by the military," they struck an immediate chord in liberal breasts everywhere. The older liberals saw in Chile a replay of the Spanish civil war, that formative experience of their youth; the younger ones had apparently learned nothing from the history of Cuba.

The Marxist propaganda would not have been so successful without genuine atrocities to exploit, or if the junta had been more sensitive, or just more skillful, in its own dealings with the outside world. The Chilean government and its functionaries have been a good deal less than scrupulous in regard to the "human rights" of their armed foes – and sometimes of innocent people suspected of collaborating. During and immediately after the coup, many people were killed or disappeared; what happened to some of them will never be known. Others went underground or fled into exile.

Chile in Perspective

Not even on the worst interpretation of the facts, however, can Chile be considered uniquely bad among Latin American countries. Clandestine death-squads of the Brazilian police

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ruthlessly kidnap and kill criminals; questions about the "disappeared ones" of Argentina have been brutally dismissed; the toll of political slaughter and political imprisonment in El Salvador and Nicaragua is steadily mounting. Chile by contrast feels well ordered and reasonable. There is no sense of oppression. The streets of Santiago are not bristling with armed police or soldiers or tanks. The principal curtailment of personal liberty noticeable to a visitor is the vestigial curfew, which prohibits the movement of vehicles (but not pedestrians) for a few hours in the middle of the night from Monday to Thursday. If the visitor asks what the point of such a limited restriction can be, he is apt to be told that the wives like it, because it ensures that their husbands get home by two o'clock on at least four nights of the week.

Further observation and inquiry will discover that newspapers and magazines, although free to criticize the government (which they do), are not allowed – under pain of suspension – to vilify President Pinochet or to advocate Communist policies. And since there is not, at the moment, any arena for party politics, the politicians are not free to do what they like doing best; which angers them.

The tale of past atrocities and present restrictions (except the curfew, which nobody seems to mind) is mixed by the junta's opponents with the sort of complaint about the "social cost" of Chile's free market policy which one hears in Britain about Mrs. Thatcher's policy. Marxists peddle the blend; leftish journalists and clergy, inside and outside Chile, swallow it.

What has surprised and hurt many Chileans is that the world should have concentrated so much on these blemishes instead of rejoicing at Chile's hair's breadth escape from the iron jaws of Communist rule.

To interpret the coup simply as the overthrow of "an elected Government" by right-wing generals is extremely misleading. If the civilian governments had been more conservative, the military government which followed them might have been more inclined to the Left. In reality, Chile had experienced thirty years of varying degrees of socialism, which culminated in Allende's opening of the door to an outright Marxist regime with close links to Cuba and Russia. The Christian Democrats had tried to outflank the Communists by putting through socialist measures of their own. Controls and regulations and tariffs multiplied.

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New Economic Plans

During the chaos of Allende's regime, a group of young economists toyed among themselves with devising an alternative policy for Chile – a diametrically opposite policy, one which would set the economy totally free in the manner recommended by the Friedmanites of the University of Chicago. When General Pinochet became President, they sent him their ideas. He was intrigued, took advice, and gave them their head.

They scrapped controls and regulations and prohibitive tariffs. Most imported goods had borne a heavy tax, rising in some cases to several thousand percent, and the import of many commodities was forbidden altogether. Now nothing is forbidden, and there is a general import duty of 10 percent (except for automobiles, where a higher rate will not be completely phased out until 1986). In 1973 some 3,500 prices were controlled: now only a handful of price controls remain. The "Chicago Boys" also set about balancing the budget and selling off state-controlled enterprises. The process is still not complete, and there are, for political reasons, a number of inconsistencies, but the Chilean economy is now the most open in Latin America and among the freest in the world.

Inflation has been reduced from 1,000 percent in the worst year to around 30 percent this year. Total production and productivity per head have both been increasing rapidly. The shops are full again. New businesses are burgeoning, old businesses being revived. Investment is flowing in from abroad. Manufacturers, alarmed by foreign competition, appealed for import controls: but, when they realized that the government was not going to protect them, began to adapt with considerable success. "When people have to run," says the Finance Minister, Sergio de Castro, "our experience is that they learn to run, and they are soon much slimmer and running very fast."

Under Allende paper-wages were forced up enormously, but within a year or so inflation had more than overtaken their value. During the past few years the real value of the average wage has substantially increased. Allende masked unemployment with artificial jobs. Unemployment now is, and obdurately remains, disturbingly high, at 12 percent in Santiago, but there are no beggars in the streets, no slums comparable to those of Brazil or Peru, and nominal jobs, offered by the Government at a low wage, have not been fully taken up.

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The junta, watchful of public opinion, constantly tests it with private polls commissioned from Gallup. These polls show that Pinochet's government is, on the whole, popular; that there is not much demand for a quick return to party politics; and that the government, while scoring good marks for having preserved the peace and maintained law and order, doesn't score as well for its handling of the economy. The reason, presumably, apart from unemployment (which, as in Britain, is the "social cost" most talked about), is that economic freedom after years of socialism, and financial sobriety after an inflationary spree, are apt to be uncomfortable for many people. They may themselves be gradually becoming more prosperous, but they see others growing rich quickly, which makes them envious: and in an open market the winds of competition, however bracing, feel cold, particularly at first. On the other hand, almost everybody who is not a politician or a dedicated activist welcomes the fact that the political atmosphere, once so fevered, is now calm. The desirability of returning to civilian rule and competitive politics may be less obvious to ordinary Chileans than to British and American commentators.

General Pinochet intends, or hopes, neither to retain military rule forever nor to let Chile slip back into its vulnerable pre-Allende condition. He consulted political thinkers and writers from abroad as well as asking the Council of State to formulate constitutional proposals. Many of his own colleagues and supporters, notably the economic team, urged that nothing should be done in a hurry. Time was needed, they felt, for their policies to bear fruit, undisturbed by political wrangling.

General Pinochet went ahead, nevertheless. He published the government's proposals, an adapted version of those submitted by a majority of the Council of State, and called for an almost immediate referendum. The gist of these proposals was that General Pinochet himself should continue in office for another eight years, after which the junta would nominate a successor, who must be confirmed by a plebiscite. Elections would then be held for a new Congress, and the junta would cease to exist. No person or party advocating totalitarianism would be eligible to run.

The old party politicians campaigned against the proposals, Christian Democrats working together in a loose coalition with the hard-Left: but 67 percent of the votes cast were "Yes."

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Despite some procedural peculiarities (for example, counting blank votes as "Yes") and the subsequent efforts of the frustrated politicians to discredit it, there is no reason to doubt that the result genuinely reflects the view of a majority of Chileans. Foreign journalists had been able to watch the campaign and the polling without restriction. They were depressed by what they saw, mainly because they could not seriously question its overall validity. Reporting from Santiago when the result had been announced and General Pinochet's supporters were shouting their triumph, a correspondent for the London *Times* wrote typically: "The noise was chilling. It was the sound of a people slamming the door on democracy."

Because so much that has been written about Chile starts with that kind of prejudice, the most interesting points for discussion have largely been missed. Although some politically minded Chileans are disappointed that the return to democracy should be postponed, others are depressed at the idea of its happening at all. "Chile," said one elder statesman, "is a liberal democracy which has exhausted its institutions. Other countries face, or will face, the same problem." He had hoped for something better than a reversion to party politics; something less divisive, less susceptible to demagogy, more ingenious.

Freedom and democracy, in spite of the careless fashion in which those words are commonly used, are not synonyms, any more than an authoritarian government – even a dictatorship – is the same thing as a totalitarian one. Indeed, it might well be asked whether uninhibited mass politics, especially in an ideological era like the present, are compatible with the preservation of freedom. How can party politicians be deterred from bidding against each other with promises which they cannot or should not fulfill? How can minorities be protected from majorities? Do we face a choice between a country where political activities are curtailed in order to protect other freedoms and a country where all other freedoms are constantly at risk from political activity? Should the armed forces, which are the ultimate source of power in any state, not have their role as guardians of stability and freedom institutionalized and recognized in states with a long history of violent political instability?

No one should pretend that these are simple questions to answer, but, alas, nor should anyone pretend that they are questions which need not be asked.

Anthony Lejeune

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Book Reviews

The Dangerous Decade

THE REAL WAR. *By Richard M. Nixon.* (Warner Books, New York, 1980)
THE PRESENT DANGER. *By Norman Podhoretz.* (Simon and Schuster, New York, 1980)
WE AND THEY: CIVIC AND DESPOTIC CULTURES. *By Robert Conquest.* (Temple-Smith, London, 1980)
INSIDE THE SOVIET EMPIRE. *By Nora Beloff.* (Times Books, New York, 1980)

On a bright Spring day in the early 1950s, when I was a young staff officer in Gibraltar, I climbed to one of the top bastions of the Rock, and looked down on the gates to the Mediterranean. Britain and the United States were holding one of the largest combined fleet maneuvers ever staged. Mainly within view, but stretching to the far horizon and beyond, were the whole of the Sixth Fleet, then of stupendous size, and the combined forces of the British Home and Mediterranean fleets – no mean armada either. Carriers, battleships and cruisers could be numbered in scores, and there were literally hundreds of smaller units. It was very early in the morning, and all was peaceful and still, smokeless too, just as it was when Wordsworth gazed down from Westminster Bridge and composed his famous sonnet. I use the word peaceful deliberately. It is true the Korean War was raging; but the Mediterranean was a NATO lake, just as firmly as it had been an Allied lake in 1945. We monitored the few Soviet submarines with fair precision, and it was then inconceivable that any Soviet surface squadron could survive in those waters, if war came, for more than a few hours.

All that is now gone with the wind. The huge superiority which the Allies enjoyed over the Soviet Union in the early 1950s has been replaced by a fragile balance which may already have tipped in the favor of the Soviets, and will certainly do so, on current trends, during this decade. The stages whereby this transformation was brought about are described in detail in former President Nixon's *The Real War*, a graphic and accurate analysis of the perils facing us, which is justly enjoying large sales all over the West and may well help to alert public opinion to our predicament. Since Russia emerged from the Second World War, thirty-five years ago, its military power has grown steadily, systematically, designedly and in all fields. There have been no phases, as with us, of disarmament, rearmament, stagnation, complacency or panic: just methodical, purposeful expansion. As a result, the Soviet Union has changed its military character. It is now not merely the successor-state to Tsarist Russia, with its dogged but slow-moving tradition of imperialism; it is also, in a sense, the successor-state to imperial Germany, being the leading land power right in the center of Europe, and overseas the greatest submarine power the world has ever seen. The existence of such colossal military capacity

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tends, almost inevitably, to widen the range of aggressive options; so that a sluggish expansionist-state like Russia is in danger of acquiring at any moment – may indeed have already acquired, as the experience of Afghanistan indicates – a strategy of rapid action and a grisly taste for *blitzkreig.*

It is Mr. Nixon's case, and he argues it forcefully, that changes in the world balance of military power are in no sense inevitable; they do not flow from ineluctable economic or demographic forces. As he points out: "The Soviet Union has 6 percent of the world's population and 10 percent of its production; yet it successfully bullies its neighbors and threatens the world. The other 94 percent of the world's people, with the other 90 percent of its production, seem increasingly helpless in the face of Soviet ambition."

It is all a question of will. It was will that raised Nazi Germany from the desperate trough of the Great Depression and transformed her in a few years into a superpower. It was will that enabled her to hold virtually the entire armed world at bay, and though she was eventually annihilated, the margin of victory was at times close, for if Germany had been more persistent in her nuclear program, the resulting weapons, mounted on her V-2s and their burgeoning successors – the first intercontinental rockets – would have produced stalemate. This Nazi will was not a national phenomenon. It was something forged in the minds of a small group of men, and eventually existed in the mind of only one man; but it drove the best-educated nation in the world to a test of destruction.

The will of the Soviet Union to become the world's greatest military power is, similarly, the creation of a tiny oligarchy, but the great supine mass of the Soviet people, like the Germans before them, seem powerless to resist it, however much suffering it forces them to undergo, and however long it deprives them of the simple comforts they undoubtedly crave. "Guns or Butter?" A Goering and a Brehznev ask the same question, dictate the same answer, and the masses have no real alternative but to accept it.

It is a different matter in a democracy, at any rate in peacetime. That democracies can summon up terrifying national will power is indisputable. No one waged war more ferociously – mercilessly, even – than Roosevelt and Churchill. In peacetime, when the political system is in high gear, it is liable to be a different matter. To a great extent it is a matter of mood: and national moods are evanescent and volatile phenomena, difficult to pin down or describe once they have changed. In his superb essay on the rise and fall of detente, Norman Podhoretz describes the national mood which generated the will to apply the policy of Containment in the late 1940s and early 1950s, the same will which brought that great armament together at Gibraltar. He atrributes some importance, as do most historians of the period, to the famous "X Article" which George Kennan published anonymously in *Foreign Affairs.* This adumbrated American geopolicy as "the adroit and vigilant application of counter-force at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy, in the hope of promoting "tendencies which must eventually find their outlet in either the breakup or the gradual mellowing of Soviet power."

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It may be that Mr. Kennan's article defined and sharpened the mood rather than promoted it. The mood, determined and militant, though strictly defensive, was already there, and it is curious that it should have been, for the American people had only recently emerged from a great war that they had entered with reluctance and fought with all their energy. Why were they then prepared to face up to the Soviet challenge, and do it on the whole with marked success? It is easy to argue, as some historians do, that the character of President Truman, a man who loved to make firm and rapid decisions, and who was almost devoid of self-doubts and *arriere-pensees,* was crucial – aided by the presence in London of Clement Attlee and Ernest Bevin, men of a similar cast. But I do not think that the leaders of either country could have acted directly counter to the national mood. After all, the kind of quasi-pacifist mood which existed in both Britain and the United States in the early and mid-1930s had proved impervious to the persuasions even of such accomplished political charmers as Roosevelt and Stanley Baldwin.

There was, in fact, something mysterious about the mood which made resistance to Soviet expansion possible: mysterious both in the way it came into existence, in the late 1940s, and the way it evaporated, sometime in the second half of the 1960s. By the time Mr. Nixon became president it was gone, seemingly forever. This explains an apparent contradiction in Mr. Nixon's book. If the "real war" was going on all the time, and moving in Russia's favor, as Mr. Nixon now says, why did he and his factotum, Dr. Kissinger, become actively identified with the policy of detente, now seen in retrospect to have been a costly series of errors?

In fact those who read Mr. Nixon's book will find the contradiction largely resolved. No president however far-sighted and determined, however wide his margin of victory and however strong his natural electoral base, can resist a national mood for long. That, certainly, was Roosevelt's experience in the 1930s. It was also, in a different way, the experience of Winston Churchill during the same period. With all his enviable energy and rhetoric, superbly well informed, articulate, and determined though he undoubtedly was, he was absolutely powerless to reverse the national drift, and was forced into the role of a bitter and impotent spectator, as the tragedy of his country unfolded. In France, men like Georges Mandel and Charles De Gaulle fared no better. When the mood in America and Britain changed, it did so under the pressure of external events, not because of the persuasions of an F.D.R. or a Churchill. Where such great men failed, who can blame Mr. Nixon for aligning himself, at least to some extent, with the post-Vietnam national will – or lack of it?

As I say, how these phases of the national will wax and wane is very obscure. I suspect that words have a lot to do with it. The term "the Iron Curtain," popularized by Churchill, and its companion, "the Cold War," which appeared slightly later (I do not know who invented it) had an enormous impact on public opinion, and helped, with their vivid imagery, to persuade people to face up to what was not only a completely new but a highly unwelcome phenomenon in international affairs.

In the late 1950s, perhaps as a result of the Suez War – a brief but in my view important event which pushed intellectual opinion in Britain and France sharply to the Left – the sloganizing and rhetoric began to change

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significantly. In London and Paris, the intelligentsia took eagerly to "peaceful coexistence," coined in Moscow, and its endless variations. The Paris Left Bank made its own contribution, with "Third World" (to be followed, in due course, by the still more misleading and dangerous "North-South"). "Detente" came in as a respectable replacement for the long-discredited "appeasement" – itself a potent three syllables in the 1920s and 1930s.

The spread of such phrases, the highly emotional rationalization from which they sprang and which, in turn, they helped to popularize, was dramatically accelerated by the radicalization of four key newspapers: *Le Monde,* the *Guardian,* the *New York Times,* and the *Washington Post.* This radicalization, which took place historically in the order I have just given, progressively tipped establishment opinion into what was, in essence, a pro-Soviet and anti-Western posture, in the sense that these newspapers tended increasingly to give Soviet good intentions the benefit of the doubt, and *per contra* characterized those who refused to accept them at (nearly) their face value, as irresponsible and dangerous men. As a result, the phrase "Cold War," once a neutral and purely descriptive term, assumed a critical, even accusatory, coloration, and those who persisted in saying that it must still be fought became "Cold Warriors," a term of simple abuse. The "world picture" of these four newspapers, the terms in which they posed the arguments and options, and the vernacular in which they described them, were gradually adopted by the TV networks and so became in time the conventional wisdom of the age. That, in crude outline, is how national moods are created, and once in existence it takes a mighty statesman – or more likely a catastrophic series of events, or both – to change them.

The question now is whether the Soviet behavior in Afghanistan and elsewhere is sufficently alarming to dispel the mood of the 1970s for good, or at least for long enough to enable the West to redress the military balance in its favor. That is the theme of the concluding section of Mr. Nixon's book and it is presented with great eloquence in the Podhoretz essay. He asks in so many words: "Do we have the will to reverse the decline in American power?"

The question cannot be presented as clearly as it was in the late 1940s, nor can the reawakening be carried through with the comparative ease and panache which enabled Truman and Attlee to regain the initiative. American power vis-a-vis the rest of the world was then superabundant; it was simply a question of making decisions and pressing the right buttons. Even Britain still has a good deal of inherited fat on which to live dangerously, though the Korean rearmament budgets posed great economic and political strains, as I well remember. Today an American rearmament program on the scale required to achieve a reasonable measure of security for the West is a daunting prospect for any administration, hag-ridden – as it surely ought to be – by the imperative need to revive a sluggish and obsolescent economy. And in Britain, whose problems are similar and even more acute, the agonizing choice facing Mrs. Thatcher, the most determined and valorous of all the Cold Warriors (an accolade in my vocabulary) is reflected in the fact that she is now being forced to contemplate defense cuts, or at least a drastic deceleration in the rate of rearmament, simply to keep the economy afloat.

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Yet I am not despondent, encouraged as I am by reading Robert Conquest's brilliant little book analyzing, on a comparative basis, the characters of civic cultures, such as ours, and despotic ones, such as the Soviet Union's. His essay is a *tour de force*, full of valuable points and historical wisdom. Broadly speaking, states and societies survive, in the long run, by their ability to conduct themselves on rational principles. Reason is not the alpha and omega of statesmanship – far from it! – but it is a necessary framework. If the framework collapses, as it did in Nazi Germany, the end of that society, however long daemonic energy may postpone it, is inevitable. We won the war because we reasoned, and we were able to reason because democracy places limitations on absolute power, even in wartime, and makes debate and consensus a necessity. Our western societies are the products of long and continuous traditions, and therefore contain many anomalous and irrational characteristics. But such features are superficial. Far more fundamentally irrational are what Mr. Conquest terms the "primitive and ideologic polities" of "the messianic despotisms," such as the Soviet Union. As he puts it:

> Despotism, especially "scientic" ideological despotism, which appears to be the rational, ordered form, in fact contains greater elements of irrationality than our own culture. Ours, it is true, usually involves an attachment to ancient rights on a piecemeal, and even sentimental, basis not easily amenable to rationalisation. But it also contains the elements of debate and argument, as well as a feeling of deeper and less conscious needs, even if these have not been susceptible to adequate verbal elaboration. Despotism contains within itself all the elements of a more extreme irrationality; the elimination of real debate and criticism and the idolisation of primative political perfectionism. In fact, the backwardness of modern despotisms resides not merely in the parallels which may be seen between them and the bureaucratic empires of the past, but also in the factors thought to constitute their modernity.

The truth of this observation is endorsed in *Inside the Soviet Empire*, a lively and perceptive account of a visit to the Soviet Union by Nora Beloff, the distinguished former correspondent of the *Observer* and a reporter of great experience and tenacity. Miss Beloff had some disagreeable experiences, culminating in detention, albeit only temporary, by the KGB. She sorts out the Soviet myth from the reality with skill and energy, and what her analysis reveals is a supposedly scientific society in which unreason is king and irremediable chaos the normal frame of life. The Soviet empire is a vast penitentiary, but leaving this aside its most striking characteristics are anti-semitism and virtually unrestrained pollution, hallmarks of unreason in a country which is simultaneously primitive and industrialized. Whatever else keeps the Soviet state going, it is not ratiocination.

Perhaps the secret is its vastness, well brought out in this account. It is a comforting fact that the world is a big place and the people who occupy it extraordinarily philoprogenitive. Its sheer size and the teeming fruitfulness of its human inhabitants, produces as it were a certain dogged imperviousness to the actions of tyrants. However powerful or evil-intentioned they are, however hard they may work to crush mankind into the molds they have prepared, there is a limit – not least in the

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vastness of Russia – to their ability completely to dominate the areas they control or wholly to destroy the happiness of their helots. It is one of the merits of Miss Beloff's book that she shows there is still joy and goodness to be found in the Soviet empire, despite the efforts of the elderly gangsters who run it to destroy both. The 1980s will not be a comfortable decade in which to live, but one can detect grounds for hope on both sides of the Iron Curtain.

Paul Johnson

The Way the Money Goes

THE FLEECING OF AMERICA. *By William Proxmire.* (Houghton-Mifflin, Boston, 1980)

THE POLITICAL ECONOMY OF FEDERAL GOVERNMENT GROWTH: 1959-1978. *By James T. Bennett and Manuel H. Johnson.* (Center for Education and Research in Free Enterprise, Texas A & M University, Texas, 1980)

At the Democratic National Convention this year, the largest single voting block of delegates was from the National Education Association. Over three hundred NEA member teachers were delegates, and all the expenses of each one were paid by NEA – hotel, meals, transportation. Their purpose was to reward President Carter for establishing the new Department of Education and for supporting federal spending on education, and to make sure he remained in charge to keep the goodies flowing. Thus a special interest group has moved from trying to capture a cabinet department to creating one of its very own, complete with dozens of GS-18 and other high ranking posts as rewards for the faithful. There are eleven Assistant Secretaries, all earning between 40 and 60 thousand dollars a year.

This department and the new Department of Energy are the most egregious examples of the recent growth of government. Yet they were the product of an administration elected in 1976 to "fight Washington," and the rhetoric surrounding their establishment concentrated on new efficiency, which was to result from better organization. Hypocrisy, as we know, is the tribute vice pays to virtue.

Yet if little progress has been made to date in restricting the growth of government, more attention is certainly being devoted to this issue. Proposition 13 was an item of major national interest, for example, and all candidates for federal office now intone against waste, fraud, and corruption in federal spending.

Senator William Proxmire has never been a traditional liberal, if that term is taken to mean an adherent of the Galbraithian view that our problems would go away if only we spent enough money on them. To illustrate his concerns about federal overspending, he invented the Golden Fleece award to alert "the public and Congress to many instances of outrageous waste." Senator Proxmire tells the story of that award in a new book, *The Fleecing*

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of America.

No doubt the award has reinforced the view that much federal spending is a senseless waste of resources. Senator Proxmire is at his most persuasive not when he shoots fish in a barrel – criticizing federally funded studies of why monkeys clench their teeth, or of Peruvian brothels – but when he steps back from the fun and offers some serious comments. His assessment of the Small Business Administration, as "a wasteful program in almost every aspect . . . obsolete," is cogently argued, and he does not flinch from urging outright abolition of the agency. Similarly he objects to the view that more spending on federal education programs means more education, calling this "another prevalent myth." Spending has gone up and up, while performance has gone down and down. Senator Proxmire's own view is that there is no substitute for "local interest, local enthusiasm, local commitment" to local schools. He proposes that local governments have the tax authority to fund schools, and that direct federal funding be stopped – a view much like that offered by Ronald Reagan in his 1980 campaign.

Yet despite these points, Senator Proxmire's book is a disappointment. To the growth of government he brings no general explanation, no coherent description, and no solution other than more extensive use of the General Accounting Office by Congress. While the book is smoothly written and reads easily, there is too little intellectual substance to it.

A much less attractive new book – not well written, filled with indecipherable charts, and unlikely to find a wide audience – covers the same issues with infinitely more intelligence and information, and in fact offers a coherent theory of big government. James T. Bennett and Manuel H. Johnson, who teach economics at George Mason University in Virginia, have written *The Political Economy of Federal Government Growth: 1959-1978*, and the book is a small gold mine of information and ideas about the phenomenon.

To begin, Professors Bennett and Johnson report that the very rapid increase in the size of government is largely a myth: "Overall, the statistics on federal government growth are startling, not so much because they show that government has grown in recent years, but because they indicate that government has not grown very much. In terms of federal civilian employment relative to the labor force, the size of government has been shrinking."

Why, then, is there a near-universal feeling that government is more intrusive? Because its activities have changed, not because its size – in number of employees or budget, measured against the size of the labor force or GNP – has changed, for while "the number of employees in the lowest GS grades declined in all three branches of government . . . the number of policy-makers soared . . . ." The date, Professors Bennett and Johnson conclude, "clearly indicate that a massive shift . . . has occurred toward policy-making and program administration levels." The importance of this point may be illustrated easily: 500 regulation-writing policymakers at the Department of Education will be much more intrusive in our lives than will 5,000 postmen or infantry sergeants.

What is more, the authors point out, the figures on federal employment are themselves understated. In addition to regular employees, the federal

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government supports thousands of consultants and contract workers, and federal spending for grants and contracts increased from $65 billion in 1970 to $150 billion by 1978. The result is that while the size of the federal government does not actually increase, its impact increases greatly. And the enormous private sector costs imposed by government regulations – legal fees, EEO officers, environmental equipment – are not at all reflected in statistics on the government's payroll or its budget.

The book thus offers a far more sophisticated view of "big government" than is customarily drawn, and would be valuable for this alone. But the authors then turn to the more crucial question: why does this all happen? Why does government grow in power, if not always in size? Their view is that the bureaucrat is the main culprit, for it is in his interest that government power increases. "We believe," they write,

> That the reason government has grown is that those individuals who benefit most from government growth, bureaucrats and politicians, have been able to increase the size and scope of government, because voters have been led to believe that the benefits from government involvement in "crises" far exceeds any reasonable estimate of the associated costs.

Despite this mention of politicians, Professors Bennett and Johnson consider "bureaucratic self-interest as the prime mover." Voters, of course, resist additional taxes, so they are told that they will benefit greatly from the expenditure, or that a crisis – in the cities, in race relations, in the schools, in the environment – makes it essential.

For the politician, the reward for supporting a special interest group can be large indeed; as the NEA's startling activities for Jimmy Carter revealed. (Think what the press would have said if Exxon had 300 delegates, for when it paid all expenses!) The only risk is that a "taxpayer revolt" will unseat the politician, and this very real risk is met by special interest group activity on his behalf and by the "crisis" defense, which explains to voters that the additional government power is necessary to solve otherwise explosive problems.

For the bureaucrat, the matter is even less complicated: *all* the incentives are for growth of government. "The public sector manager who can achieve a rapid expansion in the programs under his direction can expect to benefit directly in terms of rank, salary, prestige, and perquisites of office . . . . The bureaucrat can thus benefit directly from the initiation of additional activities by the public sector."

Of course this means an upward spiral in the role of government, for the more bureaucrats there are, the more assistants they will wish to hire and the more they will wish to do. Are there no limits? Professors Bennett and Johnson have several suggestions to make. One is simply unrealistic: to punish agencies which place excessive burdens on society by reducing their budgets. A few moments' thought as to definitions of excessive burdens, measurements of their impact, and determination of how much to punish an agency, will indicate that this strategy is an unlikely one. Another more realistic suggestion is to enforce all public laws on Congress, which now exempts itself from the equal employment, environmental, labor standards, and other statutes. Other ideas include transferring to the private sector all activities which can be more efficiently performed by it, from garbage

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collection to mail delivery to weather forecasting. The authors' major proposal is to reform bureaucratic rewards and punishments, for "the present system is perverse: There are no benefits for excellence nor are there penalties for failure." Indeed, the present system can be said to reward failure, for the continuation of the "crisis" in question can be used as an excuse to seek more funding.

Professors Bennett and Johnson are scholars, not politicians, and they offer no political strategy for persuading voters to try out the proposals they recommend. Yet their contribution is no less significant for that: they provide the understanding which must underlie any political effort. There is, quite obviously, at large among the voters a spontaneous backlash to costly and intrusive government. Efforts such as Senator Proxmire's add to this backlash, but cannot convert it to a political program: they offer no diagnosis and thus no cure. Professors Bennett and Johnson, who acknowledge their debt to economists Gordon Tullock and (especially) Paul Craig Roberts, offer both.

It is a pity that the book is not better written to appeal to a wider audience. A shortened version would make a fine magazine article, might get wider circulation and attention, and is highly recommended. But for those truly interested in the subject, Professors Bennett and Johnson have written an important book. They ought, first thing, to send a copy to Senator Proxmire, whose heart is after all in the right place. And perhaps a copy might go to every one of those 50 Deputy Assistant Secretaries of Education, just to warn them that the game, while not up, has not so very long to run. Slowly but surely, the public is catching on.

Elliott Abrams

Machiavelli Redux

GO QUIETLY . . . OR ELSE. *By Spiro T. Agnew.* (Wm. Morrow, New York, 1980)

THE TERRORS OF JUSTICE. *By Maurice Stans.* (New York, Everest House, 1978)

WILL: THE AUTOBIOGRAPHY OF G. GORDON LIDDY. *By G. Gordon Liddy.* (St. Martins Press, New York, 1980)

Machiavelli concluded *The Prince* by quoting Petrarch in an attempt to inspire the rulers of Italy:

> For th' old Romane valour is not dead
> Nor in th' Italians brests extinguished.

Reading these three books by survivors of the Nixon disaster brings home how totally that Administration, which more than any other in recent history would have welcomed comparisons with Machiavelli, departed from his prescription. The reason was not exactly lack of patriotism, but rather a failure to understand the humane, even idealistic spark that animated Machiavelli's ironic realism. Indeed, the books raise the broader question of whether American society itself is going through the kind of

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degeneration Machiavelli decried in Italy, so that it no longer supports what might loosely be called the "Roman" or "military" virtues: courage, loyalty, and personal integrity.

These reflections may seem odd, given that all three authors fought losing bouts with the law. Spiro Agnew resigned the Vice-Presidency and entered a plea of *nolo contendere* to a charge that he received payments in 1967 which were not expended for political purposes and which were therefore subject to income tax. The prosecution's statement included forty pages about Mr. Agnew's alleged bribe-taking while he was Governor of Maryland; Mr. Agnew issued a one-page denial. The judge said, accurately, that both were irrelevant to the case before him, and fined Mr. Agnew $10,000. Maurice Stans, Nixon's 1972 Finance Chairman, pleaded guilty to two charges of unknowingly accepting illegal contributions and three charges of reporting contributions tardily. He was fined $5,000. Previously Mr. Stans had been found innocent, along with John Mitchell, on ten counts of conspiracy, obstruction of justice, and perjury relating to an alleged attempt by financier Robert Vesco to buy protection from the Securities and Exchange Commission. Gordon Liddy was sentenced to twenty years in prison and fined $40,000 for the Watergate burglary, a year and a half for refusing to talk to the Watergate grand jury, and a (suspended) year for contempt of Congress.

With the exception of Mr. Liddy, who merits separate examination, it will immediately be seen that the infractions that were *actually proved* were basically technical. The connection between them as a hysterical illusion, and the punishments unusually harsh. This is particularly true for Maurice Stans, who was dealing with a complex law which changed in the course of the campaign, and who was also the victim of a quantum jump in public standards. Mr. Stans makes a convincing case that his CREEP stewardship was at least as respectable as the work of his contemporaries in other campaigns. They too had (less publicized) legal difficulties; Edmund Muskie's fundraiser even volunteered to testify for Mr. Stans at the Vesco trail.

If Mr. Agnew did accept rake-offs, as the prosecutors claimed, it should be asked in all fairness whether his conduct varied substantially from accepted Maryland standards -- particularly since there is no evidence that the money influenced his decisions. As always where Watergate is concerned, the real question becomes: Why did such practices excite such abnormal attention under Nixon, when Congress and press have shrugged off similar standards before and since? The many disparate Nixonian problems combined to produce a mixture that makes free-base cocaine look safe as chewing gum in comparison, under the influence of mysterious forces similar to those that produced the *Grande Peur*, or Salem's witch trials. An instructive parallel might well be Britain's 1962-63 Profumo crisis, which likewise enabled hostile opinion to link wildly unrelated charges, and incinerated an unpopular government.

As Mr. Agnew has repeatedly pointed out, of course, allegation is not conviction, although it has been treated as such by the media and the IRS, whose demands for back taxes on bribes Mr. Agnew denied taking caused him a cash-flow crisis from which he was rescued by the remarkable generosity of Frank Sinatra. But the irreducible fact of his resignation

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overshadows any attempted defense. Mr. Agnew ascribes his surrender to the impossibility of receiving a fair trial because of prejudicial publicity, overheated politics, implacably ambitious prosecutors, and impossible costs; and to his own exhaustion and bitterness at his abandonment by Nixon.

Mr. Agnew also says that Alexander Haig implied he might be killed if he did not "go quietly." However, this may be the token sensational revelation all Watergate memoirs require, like H.R. Haldeman's claim of a mooted partition of China, Gordon Liddy's contemplated assassinations of Jack Anderson and Howard Hunt, and John Dean's insinuation that Nixon faked Alger Hiss' typewriter. Other regular features of this new literary form are dramatic opening scenes, followed by flashbacks; and copious direct speech. On the whole, the results have compared very favorably with other native American genres like Westerns and Perry Mason.

Mr. Agnew's story rings sincere when he writes of "the emotional reaction that made me physically ill" on reviewing the prosecutors' files on his case (obtained years later), or of his wife's dead faint when he told her he was capitulating. But even after that, he assured conservatives he would fight to the end, although his lawyers were already negotiating terms. This unedifying betrayal of his loyal supporters renders consideration of his guilt or innocence ultimately irrelevant.

On the other hand, Mr. Agnew had hardly been given a good example by the Nixon White House. Incredibly, President Nixon apparently hoped to induce Mr. Agnew to resign without even discussing the subject face to face. The picture of Mr. Agnew and his staff waiting in his office until 9 p.m. after Attorney General Richardson had revealed the charges to them – hoping desperately for a call from the President or a summons to Camp David (whence, it emerged, he had fled) – is infinitely pathetic. What they got was a meeting with General Haig and Bryce Harlow, who announced that they *thought* that the President *felt* that he should resign. Loyalty to Nixon was a one-way proposition. The White House staff was quick to pounce on any of their number who suffered political injury.

This cult of toughness was naive to the point of stupidity. Even elementary precautions like funding the Watergate burglars' families were reneged on. It is hardly surprising that the front-line troops mutinied, whereupon the whole structure disintegrated. Machiavelli in a famous passage urged rulers to ensure that the interests of their lieutenants were advanced along with their own; this promoted mutual confidence. This seemingly obvious advice was never more needed. In fact, one of the Administration's subsequent rationales for its detente policies – that Americans were too engrossed in current gratifications to finance any alternative – can probably best be explained as merely a projection of the leaders' own short-sighted selfishness.

All three books make the point that the guarantees of equal justice, due process, and presumption of innocence – generally thought to be intrinsic to our system of justice – are simply not operative in a modern bureaucratic state. Mr. Stans spent $400,000 to defend himself against the Vesco charges. The prosecution probably spent over $1 million, but that was taxpayers' money. That both Mr. Stans and Mr. Agnew could afford no

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more defense at that price is quite plausible. The IRS even threatened to have Mr. Agnew's passport revoked if he attempted to resist their demands – an unbreakable hold on a man forced to earn his living in international business because of his Untouchable status at home. The three books also establish that there are few real checks on the legal bureaucracy once it is determined to bring home a conviction. Judge Sirica's excesses in Mr. Liddy's trial featured his seating of a juror who could not understand English – a mistake arising because Judge Sirica truncated the *voir dire* to prevent defense questions about pretrial publicity. (Judge Sirica used his power to seal the record about that incident, which remained a secret.) Mr. Liddy was amused: "I really had to hand it to the old goat; neither of us ever hesitated to use power."

Less amusing were the lengths to which the prosecutors went in the Stans and Agnew cases to induce potential witnesses to co-operate. It should be a matter of some concern that Mr. Agnew was brought down by the testimony of men who themselves were guilty of serious crimes, the consequences of which seem to have been palliated by their cooperation. One witness actually had his conviction overthrown because he was able to show that his guilty plea was induced by illegal promises of leniency, which the trial judges chose to ignore. Having indicted Mr. Stans on the basis of two grand jury appearances – which he made after being assured he was not under investigation – the prosecutors launched an incredible nationwide search for evidence. They hauled President Nixon's brother in from the West Coast ten times, for example, to "review" his testimony on the single point of whether Mr. Stans had asked for Vesco's contribution in cash. (Answer: No.)

Worst of all were the constant leaks to the press, from Justice Department and grand jury alike. Maurice Stans found that newspapers routinely printed as fact allegations against him that had been disproved, and that major media outlets like *Time* refused to carry retractions even when caught in indisputable error. Mr. Stans, whose book is a model of reason and comprehensiveness, suggests thoughtfully that maybe the U.S. media should follow the British system of restricting publicity after indictment, and also that the Supreme Court's *Sullivan* ruling went too far in depriving public figures of the means to protect their reputation. He even permits himself to wonder why the media should not (voluntarily) retract untruths in the same way that the Federal Trade Commission compels corporations to correct unsupported advertising claims.

This is the problem in a nutshell. All three books make it depressingly clear that, yes, there is a New Class. And that class makes its own rules in the struggle with rival powers like corporations and elected officials – of either party; previous attorney generals would not have been defeated in attempts to suppress Billygate.

Gordon Liddy's beautifully written book adds a cultural dimension to this struggle within America, although his factual contribution to the Watergate saga appears limited. Mr. Liddy confines himself narrowly to what he personally saw. He says that he waited until the statute of limitations had expired before speaking, to protect his colleagues. (Actually, he is probably still protecting them.) Although he does reveal that the Nixon administration had CIA technical assistance in some operations, he

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generally supports the thesis that Watergate was after all a second-rate burglary, not a set-up, as some have speculated. The order came from above, he says, and he believes that the purpose was to find out what derogatory material the Democrats had on their opponents. This version is not likely to satisfy everyone. On closer examination, moreover, Mr. Liddy's account does leave some questions carefully open. Some of these relate to the details of the burglary; others to the extraordinary circumstances that led to the creation of the White House "Plumbers" unit in the first place: the withdrawal (by J. Edgar Hoover) of the FBI cooperation upon which all previous administrations had relied. Mr. Liddy had been proud to be an FBI agent, and stresses his admiration for Mr. Hoover. But he also prints a memo he wrote in late 1971 urging that Mr. Hoover be removed as Director by the end of the year. Mr. Liddy notes laconically that the President praised the memo, but Mr. Hoover survived. As usual, one is left with an eerie feeling that the Watergate affair has a secret history, untold despite the millions of words.

Mr. Liddy is obviously a cultured man, but his preoccupation with matters of honor, strength, and courage – matters that have been traditional male concerns in almost every society except our own – has rendered him about as comprehensible to the average book reviewer as a Martian. Hence he is ridiculed (by Larry King in the *New York Times*) or ignored (by the *Wall Street Journal*, the leading conservative newspaper, which has not reviewed his book – or Mr. Stans's either, for that matter). The situation is complicated because Mr. Liddy is a cultist, one of the tiny minority of conservatives (and others) who are fascinated by the Third Reich. It is hard to know how serious he is about this. Some of his hints are so blatant (he named the Plumbers group ODESSA, after "a World War II German veterans organization belonged to by some acquaintances of mine" – i.e., the Waffen SS) as to recall his celebrated hand-in-the-flame exhibitions of willpower. Professor Alan Dershowitz of Harvard picked up all these hints, and wrote an angry review in *The New Republic* asking how a card-carrying Nazi went so far in anyone's White House. But in fact cultism often has about as much relevance to contemporary politics as transvestism, which it rather resembles. Mr. Liddy supported the liberal Republican who beat him in the New York 25th district primary in 1968, to the chagrin of the Conservative Party, which had nominated him on its own line. His White House career showed a similar pragmatism, except perhaps when his G-man instincts were engaged. And Mr. Liddy obviously liked the blacks he met in prison, finding their harsh society a satisfying substitute for the Korean War he missed through illness, and possibly a rest after the Nixon White House. He quietly but systematically supplies much other evidence of lack of prejudice.

However repellant Mr. Liddy's code may be, it has some strengths, notably his evident pride in his handsome family. Men like Mr. Liddy are the falcons of society, to be kept hooded until needed. James E. Mahon, who became Eli Hazeev and died training his gun on the Palestinians ambushing Meir Kehane's followers in Hebron, was reportedly another example. Both found no place in modern America. We need look no further to explain the fiasco at Desert One.

Peter Brimelow

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East of Suez

ARABIA, THE GULF, AND THE WEST. *By J. B. Kelly*. (Basic Books, New York, 1980)

Students of old maps know the keen pleasure to be derived from the antique toponyms that ingenious or bored cartographers in Venice and Amsterdam and Lyons used to assign to distant bits of *terra incognita*. We rightly permit ourselves to savor those names – Estotiland and Quivira, Norumbega and the Straits of Anian – just as we can relish Elizabethan stories of fabulous beasts beyond the seas and men whose heads do grow beneath their shoulders. The poetry of these archaic placenames is heightened, rather than diminished, when viewed through the mist of misinformation.

But dreamy misinformation is *not* permissible when it serves as the basis for foreign policy in matters affecting the very survival of the industrialized West. There are few things that matter as much as what happens to the oil that lies in and around the Persian Gulf. Yet the men who have been making our policy for the Gulf – here and in the chancelleries of Western Europe – do so in virtually impenetrable atmosphere of myth, cliche, and received idea, of "impressions" brought back from a quick trip to one of the Gulf states (usually Saudi Arabia) by gullible journalists, congressmen, and military men, of groundless epithets repeated incessantly by an army of publicists working on behalf of the Saudis and their friends. That is why *The New York Times*, for example, can unembarrassedly inform its readers that "we need Saudi goodwill" (actually we need nothing of the kind – we need Saudi cooperation, which is a different thing), or why the American ambassador to Saudi Arabia can suavely refer on national television to U.S.-Saudi relations as being characterized by "good faith, good friendship, and what I call that special relationship" (all three being figments of the American imagination, if the evidence is examined), or why the Carter Administration believed it had to beg the Saudis to allow us to maintain our Strategic Petroleum Reserve. Nor should we forget the insistence that Islam and Marxism are incompatible, or that the Arab oil states feel a natural benevolence toward the Christian West, marred only – so we are endlessly told – by that little affair in Western Palestine. Having exhaustively studied the relevant testimony before Congress on the Gulf (a feat requiring enormous stamina), J.B. Kelly provides a harsh taxonomy of American authorities. There are the employees of the State and Defense Departments, loyally pushing the latest party line. There are representatives "of the oil industry and other commercial undertakings," and finally, there are "instant experts, bright young men on the make, programmed with the fashionable ideas and jargon of the day." In the spirit of those venerable mapmakers, these assorted "experts" confidently wield distant place names in the full assurance that no one will call their collective bluff:

To read these transcripts (of congressional testimony) is to enter a

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> strange world from which reality has been resolutely banished, a world where ectoplasmic shapes variously labelled "Persia" (or "Iran"), "Saudi Arabia," "Kuwait," "Oman," and so forth are solemnly and interminably described by a shuffling, endless procession of sages, oracles, sophists, and sciolists, with all the perspicuity of an Arabian Bedouin discussing the finer points of the United States Constitution . . .

It is to these "ectoplasmic shapes," the airy nothings of ignorant "authorities," that Professor Kelly meticulously gives local habitations and names. No one else possesses his qualifications for this task; no one else knows so well such various and yet such relevant matter: the British withdrawal from Aden and from the Gulf, and the political climate that made it possible, the Marxist rebellion in Aden, the tribal revolt in Dhofar (encouraged, incidentally, by the "pro-Western" Saudis as a way of dealing a blow to their ancient enemy Oman – a point that needs to be made in light of official Washington's touching faith in the harmony believed to reign among the countries of the Arabian Peninsula), the indispensable roles of Wahhabi Islam and of ARAMCO as the two pillars of modern Saudi Arabia, the grotesque "carnival" of consumption in the littoral sheikdoms, the surquidry and swank of the late Shah, the vanity of the Persians, the artificial nature of Iraq, the manipulation of the southern Arabs by the northern Arab emigres, the elements that make up the Arab-OPEC lobby in the West that have contributed so significantly to the unnecessary power of OPEC, the useless and self-defeating Western appeasement of the oil states, the fantastic arms buildup in the Gulf, the "nerveless acquiescence" of the West toward the "latter-day bashas and beglerbegs, amirs and pashas" of the Gulf that is part of a more general failure of nerve toward the nations of Asia and Africa, and more.

Of course, J. B. Kelly has had a head start. He has been studying the Gulf for more than twenty-five years, while not a few of our policymakers discovered the area only when the Shah came tumbling down. Professor Kelly has travelled extensively up and down the Gulf, has lived and taught in the Arab world, and for a time even served as the political advisor to Sheik Zayid of Abu Dhabi. Both in London and in the Gulf, he knows the cast of characters, the charlatans and crooks and also the honest men. Somehow he has remained immune to that occupational disease that afflicts so many Western diplomats, the *furor arabicus* that leads to a total identification with the Arab cause, not only vis-a-vis Israel, but even more tellingly, in the matter of oil. (At least one of the examples Professor Kelly cites, that of the shadowy James Akins, would appear to merit more formal investigation.)

This long and easy intimacy with the men and events that are his subject matter is happily expressed by a brilliant prose style. The author is chaste and sober when the material calls for it, particularly in the early chapters on Aden and Dhofar, on the Buraimi oasis dispute, and on the detailed chronicling of OPEC's rise. Enormous amounts of research lie behind this book, demurely hinted at in the bibliography, but there is no ostentatious bristle of footnotes. The book is thick with fact, but those facts are quietly enrolled in a narrative that manages to make thrilling the most unlikely material.

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One of Professor Kelly's most important lessons is very simple: before discussing the peoples and nations of the Persian Gulf, one must *know* the Persian Gulf. That simple lesson, of course, would stop up the mouths of almost all of those now brightly pontificating – in the press, in the Pentagon, in the State Department, and at the National Security Council – about such matters. The inhibitions that rightly prevent people from descanting on Greek prosody or elementary particle theory are thrown off when "current events" are the subject, so that anyone may now discuss the ancient roots of Arab-Persian hostility, or the exact nature of Sunni and Shia Islam. Professor Kelly tells us what we need to know, and we need to know all sorts of things: about the courtiers flattering Sheikh Zayid, about the pathetic National Museum in Qatar, about the strategic significance of Aden and Oman, about the rival tribes within Saudi Arabia, about the Ibadi branch of Islam peculiar to the Omanis, about the *ikhwan*, about the "street" so quickly summoned by the urban Arab politician, about the 1001 subversive groups in the Gulf, about the historic animus of the Muslim East to the Christian West, about the exultant sense of power, and simultanous resentment and fear, that makes so many of the people of the Gulf into hybrids, half-Caliban and half-Tamburlaine – all of this gives some indication of the rich variety of the book. There really is no substitute for a solid grounding in detail. What Nobokov once wrote in regard to his work on Pushkin applies equally to studies of contemporary politics:

> . . . unless these (details) are thoroughly understood and remembered, all "general ideas" (so easily acquired, so profitably resold) must necessarily remain but worn passports allowing their bearers short cuts from one area of ignorance to another.

Professor Kelly writes, when particularly outraged, like an angel of vengeance, seraphically smiting a confederacy of dunces, frauds, and unregistered foreign agents. Here, for example, is part of his description of the efforts of H. St. John Philby (Arabist and father of the celebrated traitor), whose early efforts to make palatable to the West the fanatic Wahhabi regime in Saudi Arabia stood ARAMCO propagandists in good stead as a model:

> It was also due in some measure to Philby's example that ARAMCO adopted a particular literary style and imagery, the better to express the spirit and substance of its teachings. For all his vilification of his native land, Philby never completely lost his Englishness or erased the mark of his early years at Westminster and Cambridge. Consciously or unconsciously, he wrote primarily for an English readership, and his literary style, though highly idiosyncratic, reflected this fact. It reached its efflorescence in his *Saudi Arabia*, which was studded with phrases of the order of "the barony of Dariya," "the sturdy yeomen of Najd" and "grave Wahhabi prelates," all of which tended to convey a picture of some sun-baked Plantagenet England.

And here is Professor Kelly painting the royal progress through Europe in 1974 of the ever-preposterous Yamani and his travelling companion, Algerian oil minister Abdessalem:

> The press and the luminaries of television and radio hung upon their slightest word, their most inadvertent aside or subtlest inflexion, even the occasional weighty pause – all of which were

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> breathlessly transmitted, with instantaneous oracular embellishments, to the anxious masses, mute and perplexed spectators of the hubbub and the feting. It was a spectacle worthy to be captured on a vast and crowded canvas in the style of Tiepolo, depicting a throng of gorgeously attired dignitaries all pressing forward with beseeching gestures towards two proud figures standing sternly aloof, the whole tableau perhaps to be grandly entitled "The Plenipotentiaries of Arabia and Mauretania receiving the submission of Britain and Gaul."

These passages are not incidental felicities. The book overflows with memorable sentences, paragraphs, and perfect little essays, such as the pages Professor Kelly devotes to the corrupting "contagion" of Arab and Persian oil money in the West, or his remarks on the mad policy of piling arms up in the Gulf which has created "an explosive situation of potentially nightmarish proportions," an arms buildup that is the result of a "policy – if one can dignify it with the name – of unbelievable foolishness, culpable irresponsibility, and addled opportunism . . . pandering to the passion of the local governments for the deadly and costly trinkets of war." Professor Kelly predicts that these massive arsenals can only result in great harm to Western interests in the Gulf:

> It is evident from even the most cursory glance that these extensive and elaborate armaments either will be used in the future in conflicts among the Gulf states, or they will be left to deteriorate into huge piles of expensive junk, a fitting commemoration of one of the greatest acts of pecuniary folly in the history of the Middle East. Given the past record and ingrained disposition of the governments and peoples of the Gulf, the former eventuality is the more likely, and the destruction that will result will be on a scale never before experienced in the Gulf. For several reasons, among them the relative paucity of alternative worthwhile targets for bomber aircraft, oil installations and port facilities are bound to suffer heavy damage.

Professor Kelly's manuscript was completed in June 1979. If you seek proof for what he says, look around.

And it is not only the Iran-Iraq war that confirms the truth of his analysis. He analyzes the gains made by the Soviet Union over the past two decades in its designs on the Gulf, designs so obvious to Professor Kelly that he is baffled that anyone should think otherwise (but even today there are those who claim the Soviet Union is simply worried about Muslim revolt in Central Asia, and is acting to "protect" its own security). As if on cue, the Red Army has moved into Afghanistan, one more confirming footnote.

And Professor Kelly is bold enough to make predictions, as well, about the future demands of OPEC. He foresees further attempts to control downstream activities, a demand that the lifting of crude be linked to purchase of locally refined products and use of locally-owned shipping, and an attempt to register the ultimate destination of the oil. Some of these predictions are already coming to pass, to judge by recent demands by that OPEC bellwether, Kuwait.

When scientists construct a hypothesis, a model that explains existing

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data, they test the truth of that model against new facts, new data. Can those new facts be accommodated by the theory, or not? It is no different with political or economic analyses. On every count, events of the past year, in Tehran and Mecca; in Khorramshahr and Baghdad, in Kabul and Moscow and Islamabad, in OPEC meetings and on the streets of London and Paris, in the Billy Carter scandal and in the Carter Administration's refusal to fill the Strategic Petroleum Reserve, have served to prove Professor Kelly right, virtually down to the last jot and tittle of his text. Seldom has an author been confirmed in his observations with such violence.

Professor Kelly offers us the history of Saudi Arabia, a history marked by violence and duplicity. He shows us how Saudi expansion has involved a bullying of its smaller neighbors, such as Abu Dhabi (the Buraimi oasis dispute) and Oman (the Saudi backing of the Dhofar rebellion). To his considerable evidence, the reader is tempted to add what we have learned within the past year: about Saudi interference with our arms shipments to North Yemen, about the necessity for pressuring the Saudis into a public admission that Americans were *not* behind the Mecca takeover (and this at a time when American lives were at stake all over the Muslim world), about the Saudi attempt to cripple our Strategic Petroleum Reserve, so as to increase the likelihood of panic buying and a rise in price; about the Saudi call for a *jihad* against Israel (so quickly and so soothingly glossed by the State Department, ever ready to explain away what does not accord with the Official Portrait of Saudi Arabia); about Saudi support for Iraq's attack on Iran; about Saudi manipulation of production and pricing that has been responsible for the largest increase in oil prices ever, including several price rises *after* the Soviet invasion of Afghanistan (so much for solidarity with an economically debilitated West).

Professor Kelly deplores the ignorance and gullibility of Western policy-makers, who appear not to understand just how much the vulnerable and threatened Saudis need us. Recent events, again, bear him out. Consider that it took more than two full weeks, and foreign technical assistance, for the Saudis finally to quell the Mecca siege. Or that American AWACS are now protecting the Saudis, terrified of a weakened Iran lashing out. Or that the Soviet Union is tightening its noose around the Gulf, in Ethiopia, in South Yemen, in Syria, in Iraq, in Afghanistan, and among the PLO cadres. But still we are led to believe, on the basis of nothing at all, that *we* must be thinking of ways to placate the Saudis. This "nerveless acquiescence," supported by a powerful Saudi lobby indifferent to the interests of the West, in the end may devastate the Saudis as well as the consuming nations. The Saudis have been allowed to believe that no matter what economic damage they do to the West, or what limits they place on our conventional forces in the area, we will always be there to protect, not only the oil, but their regime. So they do not care if they make our task more difficult, dangerous, and expensive. It is time, Professor Kelly believes, for the Saudis to be disabused of such notions, and time to face the need to project Western power:

> The dismal spectacle of the Gulf arms extravaganza is a reflection of the utter bankruptcy of Western policy in the region since the departure of the British in 1971. In place of a coherent strategy to

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safeguard the vital economic interests of the West there is only a pathetic reliance upon the doctrine of common interest to achieve the same purpose.

In analyzing the putative oil weapon, Professor Kelly shows the 1973-74 "oil embargo" as a fraud. But he stresses that the non-existence of the "oil weapon" does not permit the West to adopt an attitude of languid indifference. It is the sheer irrationality that has characterized so much of the behavior of the Muslim oil states that worries the author most. Though we have provided them with the wherewithal to destroy each other's oil installations, they are completely incapable of protecting their own installations from one another, from internal subversion, or from the Soviet Union. Only the West can do that job, and Western governments are afraid to take the steps that are absolutely essential – purely as a matter of self-preservation. Quite unnecessary fear of offending the Saudis, an other oil states, is paralyzing Western power. Professor Kelly believes such paralysis must end at once if disaster in the Gulf is to be avoided.

This bleak analysis of the "poverty of resource and invention underlying the reigning Western consensus of opinion on the subject of continued Western access to the Gulf's oil" proves to be strangely tonic and bracing. The reader who wishes to spare himself further bamboozlement by the likes of Sheikh Yamani should attend to this book. It is a powerful antidote to the current epidemic of pseudodoxy. Despite Professor Kelly, of course, there will continue to be sporadic outbreaks of the disease. Newsweeklies may still write rapturously of our friends in the Gulf. Glossy supplements may continue to show us Saudi rulers relaxing in their Stately Homes, or discharging the responsibilities of rule. And T. E. Lawrence never dies, so that Rousseau's noble savage transplanted to the Empty Quarter, the Bedouin with hawk on hand embodying austere desert verities no Westerner can aspire to, will still be a staple of the popular press. But Professor Kelly's massive work has knocked over so many of the props, ripped down the backdrop, torn up the stale script, so that it is doubtful that serious discussion about the Gulf and the West will ever return to its status quo *ante* J. B. Kelly. *Arabia, the Gulf, and the West* is a dazzling and incomparable work.

Peter Lubin

Short Shrift

Donald Lambro

Fat City: How Washington Wastes Your Taxes (Regnery/Gateway, South Bend, Ind.) 1980.

In this fabulous panoply of government waste, UPI correspondent Donald Lambro continues the work of his first book, *The Federal Rat-Hole*, and delves into the budgetary equivalent of those dark places behind the kitchen stove to come up with some amazing things.

Your tax dollars might have been used to finance the Smithsonian's "Anatomical and Ecological Study of the Indian Whistling Duck."

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Or they may have gone to make the Navy's $64,000 film entitled "How to Succeed With Brunettes," showing officers (not enlisted men) how to help ladies with their coats. Then again, they may have supplied the Bee-Keeper Indemnity Program with $2.9 million to pay bee-keepers for bees killed off by federal pesticides.

Mr. Lambro contends that over $100 billion of taxpayers' money is wasted each year. He divides the book into two sections: the first deals with wasteful administrative practices common to many agencies. He cites $25 billion in white-collar cheating in subsidy programs, half a billion written off as uncollectable bad debts, $140 billion in outstanding accounts and receivable payments, and over $3 billion spent in government travel (with over 20,000 bureaucrats in the air at any given time) as examples. The second half of the book comprises a Bureaucratic Hit-Parade of the top 100 wasteful federal agencies.

Mr. Lambro cites the $1.2 million Office of Small-Pox Eradication, whose officials beg for the program to be terminated. They are bored, you see. Other than one case in 1963, there has been no small-pox in the U.S. since 1947. According to a study by the American Bar Association, cited by Mr. Lambro, the FTC issued complaints that companies did not disclose that "navy shoes" were not made by the Navy, that Indian trinkets were not made by American Indians, and that flies were imported.

Fat City's effect would have been strengthened by a discussion of what causes bureaucrats to perform unnatural acts with the budget – the built-in incentives for demanding a higher budget every year. But his exhaustive research, readable style, and astounding findings are reasons enough to buy this book. The moments of brilliant irony are memorable, such as the $400,000 spent on the Franklin Delano Roosevelt Memorial Commission, which has sat since 1955 trying to devise a suitable memorial to the man. One wonders what could be a more suitable memorial than a federal commission which squanders hundreds of thousands of dollars and never gets a single thing done.

Fat City is an indispensable source of material for speeches and articles or simply fascinating reading on its own. It deserves a place on the bed-stand of every Reagan Administration appointee.

– S. J. Masty

Eliseo Vivas

Two Roads to Ignorance: A Quasi-Biography (Southern Illinois University Press, Carbondale, Ill.) 1979.

Behind the flimsy veil of an *alter ego* named "Alonzo Quijano," Professor Vivas writes actually about his own journey through the intellectual dark wood of our age. The author of several important ethical and literary studies – including mordant book-length dissections of D. H. Lawrence and Herbert Marcuse – Eliseo Vivas learned from his experience of the academy and of the world generally the falseness of Marxism and the feebleness of liberalism. He grew into one of America's leading conservative scholars.

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This meditative memoir, though a narrative, describes the climates of opinion among men of intellect from the early 1920s to the present day. Professor Vivas is particularly telling on John Dewey, by whom he was at first attracted, but whose ideas he later assailed. *Two Roads to Ignorance* contains observations on such scholars and writers as George Herbert Mead, Joseph Wood Krutch, Ernst Cassirer, Sigmund Freud, Miguel de Unamuno, George Santayana, Bronislaw Malinowski, and Morris Cohen. Also, there occur merciless accurate sketches of academic charlatans and ideologues, notably of one Maximilian Klotz.

Like Socrates in more ways than one, this distinguished professor of philosophy is wise enough to declare that he knows little. With courage, Eliseo Vivas set his face against the sophists of the twentieth century. Once he declared that it is one of the marks of human decency to be ashamed of having been born into the twentieth century. Despite his profession of ignorance, Eliseo Vivas has stood eminent among true American teachers in the dark wood.

– Russell Kirk

Dmitri Shostakovich

Testimony: The Memoirs of Dmitri Shostakovich (Harper & Row, New York) 1979. Related to and edited by Solomon Volkov. Translated by Antonina W. Bouis.

One need not know anything about Dmitri Shostakovich or even care about music to find these memoirs riveting, compelling reading. The narration, dictated to and edited by Solomon Volkov, is not very well organized, but that makes little difference. (The manuscript was smuggled to the West and published posthumously, as stipulated by the composer.) Nearly every page offers such strange and haunting stories that one soon wonders whether the Soviet Union is simply a nightmare or the reification of black comedy. Midway into the account – by which time one can hardly tote up the number of people who have simply disappeared – the most staggering thought is that millions of people who live in this world thought of this – and think of this – as "normal" living. The great director Vsevolod Meyerhold one day did not turn up at his theater. Work went on. "The name Meyerhold immediately disappeared from conversations. That was all."

Of course, the shadow darkening most of this volume is that of Our Teacher, Our Friend and Leader, The Great Gardener – Stalin. Shostakovich gives us pages and pages and pages of humans cringing before their Friend. Stalin, who "worked like all criminals at night," took a break from his favorite Tarzan films to institute norturnal viewings of Soviet films in the presence of the director, who could receive criticism directly from the great film critic. The first director so honored was a friend of Shostakovich. Stalin seated on the last row, the director was placed on the front row, from which position, not daring to turn around, he listened to every creak in The Leader's chair for approval or oblivion. An aide entered with a cable. "What rubbish!" Stalin responded. The director immediately blacked out.

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Or again: The Leader decreed that a Soviet should compose a new national anthem (the *Internationale* is French), and came up with the particularly inane idea that Shostakovich and Khachaturian would enter a collaboration in the competition. Needless to say thay agreed, but, as collaboration between composers never works, they spent the required numerous evenings with wine and conversation, assigning responsibilities by such artistically sensitive procedures as drawing matchsticks. Later, the Great Leader (now great orchestrator) gave an impromptu lecture to all the edgy composers who entered the competition – parlaying his infinitesimal knowledge of orchestration into artistic policy. As quickly, the fortunes of the erstwhile favorite composer sank; caught on the wrong side, "he was pulverized, confused, destroyed. You could see that he was bidding farewell not only to the anthem but to his career and perhaps something more."

One could go to great lengths describing such scenes. What is the result – or the cause, who knows? – of this system in normal behavior? Everyone lies. It is boggling how much time and effort people spend lying. On an artistic level, this often meant plagiarism. One composer at the Moscow Conservatory advanced her reputation with the symphonies of William Schuman, which she stole note for note, on the grounds that Russians were unlikely to know the work of an American composer. Another – a recipient of two Stalin Prizes, a People's Artist of the U.S.S.R., and a professor – was expelled for blatant plagiarism, though he was later restored to power.

Shostakovich expressed unsparing "revulsion" for "famous humanists" of the West – George Bernard Shaw, Andre Malraux, Romain Rolland, Paul Robeson, Lion Feuchtwanger – for their Soviet apologetics. "You always see what you want to see. The mentality of a chicken – when a chicken pecks, it sees only the one grain and nothing else. And so it pecks, grain by grain, until the farmer breaks its neck."

On the final page of the memoirs, Shostakovich reflected on the painful process of looking back. "I was remembering my friends and all I saw was corpses, mountains of corpses. I'm not exaggerating, I mean mountains. And the picture filled me with a horrible depression. I'm sad, I'm grieving all the time." But earlier in this eerie work he stated, "I think the greatest danger for a composer is loss of faith. Music, and art in general, cannot be cynical. Music can be bitter and despairing, but not cynical . . . . When a man is in despair, it means that he still believes in something."

– R.B.

Petr Beckmann (editor and translator)
Hammer and Tickle: Clandestine Laughter in the Soviet Empire (The Golem Press, Boulder, Colo.) 1980.

"Twenty-five years," the new prisoner replies to the question of the other inmates. "But, believe me," he adds, "I am innocent."

"Oh come off it! You only get *ten* years for that."

The lessons found in everyday humor can do more than a sea of

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dissertations to explain common understandings in people's lives, and this collection of jokes whispered in the Soviet empire displays savage truths with particular force. What brings such bitter laughter would probably bring only tears to people less cynical about, or hardened to, the systems they are up against. Petr Beckmann, who heard all these jokes before he left his native Czechoslovakia, has narrated the jokes in historical and political context to tell a type of horror story. It is most revealing that most of the jokes are variations on one of several recurring themes. Among these themes of life in the Soviet empire are:

Sycophancy: A contest is announced for a memorial to Pushkin on the 150th anniversary of his birth. The winner – a statue of Stalin reading Pushkin's poetry.

Shortages: A long queue of condemned souls waits at the door of the socialist hell, but no one chooses the door of the capitalist hell. The socialist hell, they know, keeps running out of coal and spare parts.

Contempt for those in charge: There is a technical difficulty with the new stamp bearing the picture of Antonin Novotny, President of Czechoslovakia. The stamp won't stick. The problem, however, is straightened out. No one had thought to spit on the adhesive side.

These themes, plus incompetence, scapegoats, gratuitous cruelty, and the meaninglessness of guilt and innocence.

The ultimate theme of the Soviet empire might be that some comrades and some nations are more equal than others: Krushchev is personally to approve the successor to the Chief Rabbi of Moscow. He reads the list of candidates. "Abromov, Feinberg, Izakovich, Levental, Grinbaum . . . Have you gone stark raving mad? This list contains nothing but Jews!"

And: The Swiss announce a contest for the best work on elephants. The British submit *The Elephant and the British Empire*; the French, *L'elephant et l'amour*; the Germans, fifty-seven volumes comprising an elementary introduction into the foundations of the science of the elephant's ear. The Russian submit a volume called *The Superiority of the Soviet Elephant.* The Czech entry is *The Soviet Elephant: Our Teacher and Idol.*

This extraordinary collection is brilliantly edited and narrated. It is very funny and not so funny. Most of all, it may, as Dr. Beckmann writes, "help Americans to understand what it is that is threatening them."

– R.B.

Michael J. Malbin

Unelected Representatives: Congressional Staff and the Future of Representative Government (Basic Books, New York) 1980.

To those who regularly deal with or observe Congress, it seems hardly possible that the same institution could have functioned only a few years ago with a small fraction of the thousands of staffers who now play so large a role in the legislative process. Senator Moynihan, noting the equally impressive growth of the White House staff, has theorized that the Congress is merely emulating the Executive Branch. Another

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frequently offered justification is the desire of a Democratic Congress to reduce its dependence upon an Executive Branch often controlled by Republican administrations. Many members would contend that they need more assistants because Congress has assumed vastly greater responsibilities.

Whatever the reasons for staff growth, how have these new staffers affected the institution they are hired to serve? The approach chosen by Michael J. Malbin is to analyze, using information gathered largely from extensive interviews, the composition and behavior of the staffs of several major committees during the 94th and 95th Congresses (1975-78). He describes the major types of Congressional staffs, the background and outlook (which have changed substantially over the years) of typical staffers, how they behave in particular situations, and the essentially feudal bond between staff and member, illustrating his analysis with well-chosen case studies. Even those who do not agree with the conclusions which Mr. Malbin ultimately draws will find the case studies which make up the bulk of *Unelected Representatives*, to be illuminating and useful glimpses of Congress at work.

In contrast to the sensationalism in *The Brethren*, Mr. Malbin concentrates on the systematic effects of the new role of staff upon the legislative product, and shows little interest in displaying the many titillating but random examples of staff misbehavior and overreaching which he must have encountered. Nor does *Unelected Representatives* explore such potentially interesting topics as the political use of staff in members' district or state offices.

Mr. Malbin concludes that staff growth threatens to interfere with Congress' ability to act as a deliberative body, the basic function which the institution was designed to perform. He argues that:

> For a process of legislative deliberation to function reasonably well, at least three distinct requirements must be satisfied. The members need accurate information, they need time to think about that information, and they need to talk to each other about the factual, political, and moral implications of the policies they are considering. The new use of staff undercuts each of these.

The author also argues that staffers may impart a substantive bias to the formulation of public policy. With their narrow focus, close ties to the Washington issue networks, and strong desire to leave a mark on their area of specialization, Congressional staffs tend to tinker with and push for the expansion of programs which the members, who are somewhat more detached, might be inclined to let die a natural death.

Mr. Malbin believes that more widespread use of nonpartisan committee staffs might help members get accurate and reliable information, but concludes that the only way to reduce Congressional reliance upon staff and regain deliberative representation is for Congress somehow to limit its agenda and adopt procedures that in effect compel members to spend more time thinking and talking to each other about legislation.

Unfortunately, too many people both inside and outside of Con-

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gress prefer the sort of legislative factory we have now to a more deliberative body. But Mr. Malbin's analysis may provide a first step.

– J. J. Jewett, III

Barry M. Goldwater

With No Apologies: The Personal and Political Memoirs of United States Senator Barry M. Goldwater (William Morrow and Company, Inc., New York) 1979.

This book will disappoint those expecting the type of in-depth analysis that has been offered by such Goldwater contemporaries as Richard M. Nixon, Gerald R. Ford, and Henry A. Kissinger. While the text reads pleasantly enough with a combination of 1964 nostalgia and the Senator's engaging candor, it nevertheless lacks the kind of intellectualism that marked George McGovern's memoirs, *Grassroots,* or Sen. Goldwater's own, *The Conscience of a Conservative* of two decades ago.

The 1964 campaign certainly ranks as an important landmark in the history of modern American conservatism, but Sen. Goldwater's version suffers from superficiality and a lack of substantive detail. For example, there is absolutely no mention whatsoever as to what thinking led to the selection of New York Congressman William E. Miller as his Vice Presidential running mate. For the record, Goldwater does put to rest the controversy surrounding his acceptance speech and the authorship of those famous lines, "Extremism in the defense of liberty is no vice! Moderation in the pursuit of justice is no virtue!" – the paraphrased words of Cicero furnished by Harry Jaffa and Taylor Caldwell.

The inconsistencies of the Senator are typical of the malapropisms that dogged him in 1964. He all but read Nelson A. Rockefeller out of the party during that campaign, yet terms his late rival, "a great American, . . . who would have made a good President." He speaks relatively well of Dr. Kissinger, but spends an entire chapter denouncing the Council on Foreign Relations, of which the former Secretary of State is a member. Sen. Goldwater once called the Eisenhower administration a "dime-store New Deal" in 1960, but now considers Ike the best President during his years in public life.

For all of its weaknesses, this book reads very much like Barry Goldwater, the elder statesman of the Republican party. As a man ahead of his time, this fact alone makes his memoirs well worth reading.

– Michael W. Rubinoff

Jack Kemp

An American Renaissance (Harper and Row, New York, N.Y.) 1979.

All too often books by politicians are little more than a good rant: simplistic assertions concocted for the voters back home. So it is refreshing to read one which delves much deeper into the issues facing the country, and manages to combine an analysis which will stimulate the academic reader with a style and clarity which makes the book

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very readable. The title is well chosen. The theme of Congressman Kemp's examination of a wide range of foreign and domestic questions is that the values and traditions of America are as true now as they ever were. The biggest single obstacle to unleashing these creative energies to deal with our problems, writes Kemp, is the government. That government taxes us until hard work is unprofitable, regulates us until innovation is stifled, and controls the price of our basic energy form to such a degree that we are faced with a shortage amid plenty. One will not find in this book any suggestion that we should tighten our belts and make do in a new age of limited goals and resources. That is not Kemp's way, and as he points out, the success of America has been due to the absence of such mental frontiers.

– Stuart M. Butler

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